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98D CONGRESS }
2d Session }

SENATE

{ REPORT
No. 93-1134

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Nov 29, 74

FOREIGN ASSISTANCE ACT OF 1974

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ON

S. 3394

TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961, AND
FOR OTHER PURPOSES

Recommitted



SEPTEMBER 3, 1974. Ordered to be printed
Filed under authority of the order of the Senate of August 22, 1974

U.S. GOVERNMENT PRINTING OFFICE
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88-469

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(III)

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REPORT
No. 93-1134

FOREIGN ASSISTANCE ACT OF 1974

SEPTEMBER 3, 1974.—Ordered to be printed
Filed under authority of the order of the Senate of August 22, 1974

MR. SPARKMAN, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 3394]

The Committee on Foreign Relations, to which was referred the bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

PRINCIPAL PURPOSES OF THE BILL

The principal purposes of the bill are: to authorize appropriations totaling \$2,527,626,000 for the 1975 fiscal year for certain foreign economic, military assistance and credit sales programs; to establish policy guidelines and limitations concerning United States assistance to and involvement in Indochina and to phaseout the military grant assistance program and United States military missions abroad.

SUMMARY OF MAJOR POLICY PROVISIONS IN THE BILL

I. INDOCHINA

1. *Policy.*—States a Congressional policy concerning the political/military situation in Indochina and principles to guide the U.S. economic assistance program.
2. *Spending Ceilings.*—Imposes fiscal year 1975 ceilings on obligations for assistance to Indochina: \$1.28 billion for South Vietnam; \$347 million for Cambodia; and \$100 million for Laos.
3. *Project and Program Authorizations.*—Authorizes funds for economic assistance to South Vietnam, Cambodia, and Laos by specific project or program.

(1)

4. *Personnel Ceiling in South Vietnam.*—Imposes a ceiling on U.S. direct hire and contract personnel in South Vietnam of 4,000 to be reached within six months after enactment and a further reduction to not more than 3,000 by the end of fiscal year 1975.

5. *Personnel Ceiling in Cambodia.*—Reduces the ceiling on U.S. direct hire or contract personnel in Cambodia from 200 to 175. Contract personnel of humanitarian relief agencies are exempted from the ceiling.

6. *Transfer authority.*—Allows military aid funds to be used for economic assistance purposes.

II. MILITARY ASSISTANCE

1. *Phase Out of Military Grant Assistance and Military Missions.*—Requires a phase out over a three-year period of military grant assistance and United States military aid missions to foreign countries.

2. *Costs of Military Missions.*—Requires that all costs of United States military missions abroad must be charged against appropriations for military grant assistance.

3. *War Reserve Stockpiles for Foreign Countries.*—Requires that any stockpiling of military equipment or material for foreign countries be financed out of funds appropriated for military assistance. No material can be provided to a foreign country from previously stockpiled materials unless the cost of the materials is charged against funds appropriated for the regular military assistance program or military aid to South Vietnam.

4. *Authority to Draw on Defense Stocks.*—Repeals the authority to draw on Department of Defense stocks for the purpose of providing additional military grant assistance to foreign countries.

5. *Excess Defense Articles.*—Tightens restrictions on the use of excess defense articles for foreign military aid by requiring that all grants of excess articles be charged against funds for military aid at not less than one-third the acquisition cost of the article.

6. *Military Aid to Korea.*—Imposes a ceiling on military grant aid and credit sales to Korea of not more than three-fourths the FY 1974 level and phases out such assistance over a three-year period.

7. *Arms Sales Through Commercial Channels.*—Prohibits government procurement of arms for economically developed countries if the equipment or material is available through commercial channels.

8. *Interest Rate On Credit Sales.*—Imposes a minimum interest rate on credits extended to foreign countries for purchases of arms under the Foreign Military Sales Act of not less than the interest rate paid on Treasury borrowings of comparable maturity.

III. GENERAL

1. *Chile.*—Imposes an FY 1975 ceiling of not more than \$65 million of which not more than \$10 million can be in military credits or grants.

2. *Waiver Authority.*—Repeals the President's general authority to waive restrictions in the Foreign Assistance Act.

3. *Police Training.*—Prohibits use of foreign aid funds for training foreign police, prison, or internal security forces.

AUTHORIZATION OF APPROPRIATIONS

Last year Congress approved a two-year authorization of appropriations for foreign economic development assistance but only a one-year authorization for the military assistance and sales programs, security supporting assistance, and the Indochina reconstruction program. This bill authorizes appropriations for fiscal year 1975 totaling \$2,527,626,000 comprised of \$2,240,500,000 for economic assistance to Indochina (other than Public Law 480 assistance), security supporting assistance, a new Middle East contingency fund, and the foreign military assistance and sales programs; \$259,400,000 in supplemental authorizations for other economic assistance programs; and \$27,726,000 for United States contributions to meet the expenses of the International Commission of Control and Supervision in Vietnam.

For many years the Committee on Foreign Relations has urged that military and economic assistance authorizations be considered in separate bills. In reporting a bill containing authorizations for both economic and military assistance the Committee recognizes that on the surface its action appears inconsistent with its traditional position. However, this is a unique bill where military and economic aid issues are inextricably combined. In Indochina, for example, the Committee believes that the Senate should consider the total flow of United States resources into South Vietnam, Cambodia, and Laos and that it would be inadvisable and confusing to try to deal with policy toward those countries in separate economic and military aid bills. Similarly, in the Middle East, the Committee's singling out this region for special attention has resulted in a mix of economic and authorizations in two separate bills, as outlined in section 9 of S. 3473, the State/USIA authorization bill passed by the Senate earlier this year.

Next year the Committee fully expects to deal with foreign assistance authorizations in two separate bills.

Table I itemizes the authorizations recommended by the Committee:

TABLE I.—FOREIGN ASSISTANCE AUTHORIZATIONS RECOMMENDED BY THE COMMITTEE ON FOREIGN RELATIONS
[In thousands of dollars]

	Fiscal year 1975 authori- zation request	Committee recommen- dation	Difference from request
1. Food and nutrition.....	255,300	1 200,000	-55,300
2. Population planning and health.....		1 20,000	+20,000
3. Education and human resources development.....		1 2,000	+2,000
4. Gorgas Memorial—Panama.....		1 500	+500
5. International organizations and programs.....	3,900	1 36,900	+33,000
6. Indochina postwar reconstruction.....	939,800	550,000	-389,800
7. Security supporting assistance.....	385,500	585,500	+200,000
8. Middle East special requirements fund.....	100,000	100,000	
9. Military assistance program.....	985,000	550,000	-435,000
10. Foreign military credit sales.....	555,000	1 455,000	-100,000
11. International Commission of Control and Supervision in Vietnam.....	27,726	27,726	
Total.....	3,252,226	2,527,626	-724,600

1 Supplemental to current authorization.

2 Of this amount, \$100,000,000 is to be in the nature of a grant to Israel.

Table II compares the Committee's recommendations with authorizations and appropriations for fiscal year 1974 and shows the appropriation request for items for which there is a current authorization.

TABLE II.—COMPARATIVE DATA ON FOREIGN ASSISTANCE ACTIVITIES, FISCAL YEARS 1974 AND 1975
[In thousands of dollars]

	Fiscal year 1974		Fiscal year 1975 request ¹		Committee recommendation
	Authorization	Appropriation	Appropriation	Authorization	
Development assistance:					
Food and nutrition.....	291,000	284,000	546,300	255,300	200,000
Population planning and health.....	145,000	135,000	145,000		20,000
Education and human resources.....	90,000	89,000	90,000		2,000
Selected development problems.....	53,000	40,500	53,000		
Selected countries and organizations.....	39,000	36,500	39,000		
Total, functional development assistance.....	618,000	585,000	873,300	255,300	222,000
International organizations and programs:					
UNDP and other programs.....	150,000	125,000	153,900	3,900	36,900
Indus Basin Development Fund loans.....	(²)	2,000	200		
Indus Basin Development Fund grants.....	14,500	9,000	14,500		
UNRWA (expansion of training).....	2,000	2,000			
U.N. Environment Fund.....	(³)	7,500	10,000		
Total, international organizations and programs.....	166,500	145,500	178,600	3,900	36,900
American schools and hospitals abroad.....	19,000	19,000	10,000		
Contingency fund.....	30,000	15,000	30,000		
National Association Partners of the Alliance.....	934	750			
Albert Schweitzer Hospital.....	1,000	1,000			
Sahel drought relief.....	25,000	25,000			
Disaster relief and reconstruction.....	150,000	150,000			
Administrative expenses, AID.....	45,000	40,000	45,000		
Administrative and other expenses, State.....	(⁴)	4,800	5,900		
Total, development assistance.....	905,434	986,050	1,142,800	259,200	258,900
Indochina postwar reconstruction.....	504,000	499,000	938,800	939,800	550,000
Security supporting assistance.....	125,000	112,500	385,500	385,500	585,500
Middle East Special Requirements Fund.....			100,000	100,000	100,000
Total, AID.....	1,684,434	1,597,550	2,568,100	1,684,500	1,494,400
International Narcotics Control.....	42,500	42,500	42,500		
Overseas Private Investment Corporation (reserves).....	(⁵)	25,000	25,000		
Military assistance program (MAP).....	512,500	450,000	985,000	985,000	550,000
Foreign military credit sales.....	325,000	325,000	555,000	555,000	455,000
Emergency security assistance:					
Israel.....	2,200,000	2,200,000			
Cambodia.....		150,000			
Total, foreign assistance items.....	4,764,434	4,790,050	4,175,600	3,224,500	2,499,400
Gorgas Memorial Institute.....	(⁶)	500	500	(⁷)	500
International Commission of Control and Supervision in Vietnam.....	4,500		10,27,726	10,27,726	10,27,726
Grand total.....	4,768,934	4,790,550	4,203,826	3,252,226	2,527,626

¹ Request includes the following additional amounts not included in the President's fiscal year 1975 budget transmitted to the Congress on Feb. 4, 1974: Indochina postwar reconstruction, \$150,000,000; security supporting assistance, \$322,500,000; Middle East special requirements, \$100,000,000; foreign military credit sales, \$240,000,000; military assistance program, \$60,000,000.

² Supplemental to existing authorization.

³ Appropriation request authorized by FAA of 1967 which made available \$51,200,000 until expended.

⁴ Authorized by Public Law 93-188 which made available \$40,000,000 until expended.

⁵ Permanent authorization for such sums as may be necessary.

⁶ Includes \$49,000,000 supplemental appropriation.

⁷ Excludes \$250,000,000 in defense stocks provided to Cambodia under sec. 506 of the FAA of 1961.

⁸ Not authorized.

⁹ Permanent authorization of \$500,000 per annum.

¹⁰ Includes \$16,526,000 for fiscal year 1975 contribution to the ICCS and \$11,200,000 for reimbursement to AID for fiscal year 1974 expenses of the ICCS.

In order to assist members of the Senate in analyzing the authorizations recommended by the Committee in the context of the overall foreign assistance program proposed for fiscal year 1975 by the Executive Branch, Table III lists all proposed assistance programs and country-by-country allocations.

TABLE III.—U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES PROGRAMS PROPOSED FOR FISCAL YEAR 1975
[In thousands of dollars]

	Economic assistance programs					Military assistance and credit sales programs					
	Total economic and military assistance and credit sales	Total economic assistance	AID	Peace Corps	Public Law, 480-1	Inter- national commodity control	Total military assistance and credit sales	Military assistance (MAP)	Foreign military sales	Excess military defense articles	Military assistance not funded
Summary	8,338,726	4,872,226	2,842,415	82,256	95,928	42,500	3,496,500	1,024,000	872,500	150,000	1,450,000
Africa, total	293,753	251,468	189,992	26,103	56,373		42,285	14,785	24,500	3,000	
Algeria	1,409	1,409			1,409						
Botswana	1,425	1,425	394		1,031						
Burundi	425	425			425						
Cameroon	1,311	1,311	825		486						
Central African Republic	260	260	139		121						
Chad	412	412	444								
Congo (Brazzaville)	499	499			412						
Congo (Kinshasa)	29,039	29,039	25,037		388						
Ethiopia	47,939	2,798			1,204		18,900	11,300	5,000	2,600	
Gambia	442	442			197						
Ghana	15,625	13,746	1,187		682		70	70			
Guinea	333	333			333						
Ivory Coast	2,091	2,091	1,653		438						
Kenya	1,739	1,739	7,493		299						
Lesotho	1,957	1,957	1,958		1,641						
Liberia	9,026	9,026	7,206		458		600	100	500		
Madagascar	168	168			169						
Malawi	1,286	1,286	351		169						
Mali	1,290	1,290	356		880		50	50			
Mauritania	1,219	1,219			54						
Morocco	41,957	34,322	15,210		236						
Mozambique	1,870	1,870	1,331		17,781		14,860	860	14,000		
Niger	6,133	6,133	1,061		896						
Nigeria	2,947	2,947	2,500		2,300						
Rwanda	1,870	1,870			447		25	25			
Senegal			606		1,239						

See footnotes at end of table.

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[In thousands of dollars]

	Economic assistance programs					Military assistance and credit sales programs				
	Total economic and military assistance and credit sales	Total economic assistance	AID	Peace Corps	Public Law, 480-1	Inter- national control	Total military assistance and credit sales	Military assistance grants (MAG)	Foreign military credit sales	Excess defense articles
Africa—Continued										
Senegals	26	26								
Sierra Leone	2,566	2,566		1,655	911					
Swaziland	15,570	15,570	10,850	482	5,190		50	50		
Tanzania	12,054	12,054	10,659		1,395					
Togo	2,089	2,089		1,061	1,028					
Upper Volta	2,968	2,968	5,809	1,072	10,967		3,900	2,000	1,500	400
Zaire	15,594	15,594	6,013	5,145	1,100		3,800	300	3,500	
Zambia	8	8			8					
Economic regional programs:										
East and West Africa and Sahel	26,874	26,874								
East Africa	853	853								
Southern Africa	10,123	10,123								
Africa regional	21,988	21,988	20,527	1,461						
Self-help projects	1,700	1,700					30	30		
Regional military costs	30									
Asia, total	4,762,069	2,086,017	1,375,949	15,624	680,246	14,198	2,678,062	787,902	318,000	120,150
Asia, total										1,450,000
Afghanistan	17,185	16,985	14,467	1,283	1,175	50	200	200		
Bahrain	83	83								
Bangladesh	104,669	104,669	65,220		39,449					
British Solomon Islands	5,116	5,116		24	92					
Burma	5,000	5,000				5,000				
Cambodia	580,843	187,011	4110,800		77,011		362,500	400	80,000	1,250
China (Taiwan)	80,400									
Cook Islands	14	14								
Cyprus	571	571		14	571					
Guam	606	606								
Gilbert and Ellice Islands	21	21								

Greece	71,000	113,794	75,500	211	38,083	71,000	100	71,000
India	113,894	192,469	71,460	1,569	124,909	28,300	22,700	6,200
Indonesia	221,369	1,369	1,369	1,502	154,909	234,300	161,500	52,000
Iran	41,969	187,469	25,176	1,502	233	66,100	85,200	20,800
Korea	143,505	57,465	56,000			10,150	150	900
Lebanon	10,150					10,285	285	10,000
Malaysia	12,938	2,653		2,497	156			
Mexico	1,461	1,461		1,831	402			
Micronesia	1,461	1,461		1,831	402			
Nepal	6,181	6,181	5,721	181				
Philippines	103,715	122,794	78,745	2,178	25,043	250	280	2,500
Portugal	18,801	18,788	8,000		10,786	220	220	
South Africa	88,587	14,087	6,005	1,218		15	15	
St. Lanka (Ceylon)	232,338	27,338	23,064	338	6,884	74,500	96,000	18,500
Taiwan	232,338	27,338	23,064	338	6,884	74,500	96,000	18,500
Turkey	2,386,553	911,553	751,000		160,553	205,000	80,000	35,000
Western Samoa	13,734	13,734	11,496	321		1,425,000	90,000	35,000
Yemen Arab Republic	25,365	25,365	24,251	1,114	2,078			1,450,000
Economic regional program								
Regional military costs								
Latin America, total	592,306	372,206	257,461	19,978	78,137	6,630	220,100	18,250
Argentina	30,906	290				200	30,700	700
Bolivia	35,959	275		275		45	6,500	3,000
Brazil	69,309	29,459	22,239	3,287	7,175	45	3,300	200
Chile	84,976	63,676	26,035	516	2,178	243	6,800	800
Colombia	2,147	3,147	2,147	516	37,097	78	21,300	800
Costa Rica	15,855	14,005	5,466	1,104	5,305	537	17,700	700
Dominican Republic	19,576	7,076	2,050	1,661	7,889		1,850	1,300
Ecuador	17,381	12,731	11,561	1,373	3,327	326	12,800	400
El Salvador	17,381	12,731	11,561	1,373	3,327		12,800	400
Guatemala	3,624	3,624	3,590	1,084	74		4,650	1,000
Haiti	11,055	10,855	8,179				2,350	1,300
Honduras	23,152	23,502	22,033	796	2,576		200	200
Jamaica	11,399	11,399	8,450	1,357	1,538		4,650	1,100
Nicaragua	33,558	29,108	21,826	594	5,000		5,100	500
Panama	22,266	21,716	21,360	338	688		4,450	1,100
Paraguay	7,770	5,420	4,756	585	338	18	500	500
Peru	38,630	17,330	13,469	1,235	2,118	93	2,350	1,400
Trinidad and Tobago	16	10					800	20,300

See footnotes at end of table.

TABLE III.—U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES PROGRAMS PROPOSED FOR FISCAL YEAR 1975
[In thousands of dollars]

	Economic assistance programs					Military assistance and credit sales programs					
	Total economic and military assistance credit sales	Total economic assistance	AID	Peace Corps	Public Law, 480-1	Inter-national narcotics control	Total military assistance credit sales	Military assistance (MAIP)	Foreign military credit sales	Excess defense articles	Military assistance service funded
Latin America—Continued											
Uruguay	5,486	786	775			11	4,700	1,500	2,500	600	
Venezuela	19,357	1,857		1,814		43	17,700	700	17,000		
Paraguay	6,433	5,500	5,500	908	33	2					
Caribbean regional	1,674	1,634				40					
Central American regional (ROCAP)	17,650	17,650	17,650								
Inter-American programs	23,646	23,646	22,281	1,365			350	350			
Economic regional programs											
Regional military costs	350										
Middle East, total	969,050	519,807	478,175		41,632		449,243	94,243	330,000	25,000	
Egypt	253,144	253,144	\$750,000		3,144						
Israel	237,216	237,216	\$700,000		4,216						
Jordan	237,695	88,452	\$78,175		10,277						
Middle East Special Requirements Fund	100,000	100,000	100,000								
Europe, total	15,053	12,522	12,500	22			2,531	2,531			

* Public Law 490 estimates are planning levels which will be reexamined later in the year. In light of revised price estimates, U.S. commodity availabilities and recipient country requirements. If availabilities permit, a title I concessional sales program will be initiated.

* Includes \$369,000,000 U.S. contributions to international financial institutions.

* Largely or wholly funded from security supporting assistance or Indochina postwar reconstruction funds.

* Includes West Bank of the Jordan River and Gaza.

* Includes the following: American schools and hospitals abroad; administrative support; food and medical supplies; health care; housing; transportation; international organizations and programs; \$200,400,000; operating costs; \$123,400,000; training; \$78,700,000; inspection.

* Includes emergency reserve/unallocated title II, \$35,300,000; ocean freight, \$103,200,000; grants of title I currencies under title II, \$1,000,000; interregional programs and support costs; \$6,700,000; unprogrammed, \$3,800,000.

* Includes administration, \$25,300,000; supply operations, \$10,000,000; general, \$175,000; storage and maintenance supply, \$10,000,000.

* Includes interregional population program, \$50,400,000; Peace Corps share of action support, \$69,100,000.

* Includes worldwide support, \$6,600,000; Peace Corps share of action support, \$13,000,000.

* Includes emergency reserve/unallocated title II, \$35,300,000; ocean freight, \$103,200,000; grants of title I currencies under title II, \$1,000,000; interregional programs and support costs; \$6,700,000; unprogrammed, \$3,800,000.

* Includes administration, \$25,300,000; supply operations, \$10,000,000; general, \$175,000; storage and maintenance supply, \$10,000,000.

COMMITTEE ACTION

On April 24, 1974, the President sent a message to Congress transmitting a draft foreign assistance authorization bill for fiscal year 1975. The draft bill was introduced by Senator Sparkman, the Acting Chairman of the Committee, by request, on April 29, 1974. Public hearings were held on the bill on June 7, 21, and 26, July 24 and 25 at which the following witnesses were heard:

Administration Witnesses

June 7, 1974

The Honorable Henry Kissinger, Secretary of State.

June 21, 1974

Mr. Daniel Parker, Administrator, Agency for International Development.

Mr. Robert Noote, Asst. Administrator for Supporting Assistance Agency for International Development.

June 26, 1974

The Honorable James R. Schlesinger, Secretary of Defense.
Adm. Thomas H. Moorer, USN, Chairman Joint Chiefs of Staff.

July 25, 1974

Ambassador Graham Martin, Ambassador to Vietnam.

Other Witnesses

July 24, 1974

Senator James Abourezk (D-S.D.).

Senator Alan Cranston (D-Calif.).

Mr. Guy Gran, Research Associate, Indochina Resource Center, Washington, D.C., accompanied by Mr. Fred Branfman, Co-Director.

Rev. J. Brian Hehir, Executive Secretary, U.S. Catholic Conference, Washington, D.C.

Mr. Russell Johnson, representing Friends Committee on National Legislation, Washington, D.C.

Prof. Shawky F. Karas, Director, Educational Research Program, Southern Connecticut State College, (Representing American Coptic Association).

Mr. I. L. Kenen, Chairman, American-Israel Public Affairs Committee, accompanied by: Mr. Kenneth Wollack, Mr. Maurice Atkin. Former Senator Joseph D. Tydings, representing Population Crisis Committee.

The bill was considered and marked up in seven executive sessions on August 5, 7, 8, 9, and 13. On August 13 it was ordered favorably reported with an amendment in the nature of a substitute by vote of 11 to 5. Those voting in favor of the motion to report the bill were Senators Sparkman, Pell, McGee, Muskie, McGovern, Humphrey, Case, Javits, Scott, Pearson, Percy.

Those voting against were Senators Fulbright, Mansfield, Church, Symington, and Aiken.

COMMITTEE COMMENTS

In its treatment of S. 3394, the Committee's principal actions—and reductions—were focused on two authorization categories: the worldwide Military Assistance Program and Indochina Postwar Reconstruction. In addition, the Committee gave considerable attention to those portions of the bill authorizing assistance to countries in the Middle East.

Worldwide Military Assistance

The Committee approached its consideration of the proposed FY 1975 Military Assistance Program with the long-held belief, expressed in the Committee reports of past years, that the United States should provide grant military aid to foreign countries not as a habit, but rather only in specific instances where such assistance is clearly warranted. At present, the far-flung network of U.S. military assistance advisory groups, military missions, and military groups gives bureaucratic momentum to the perpetuation of an extensive program the rationale for which each year has become increasingly dubious. Through this bureaucracy, the U.S. continues—almost habitually—to dispense hundreds of millions of dollars of weapons in pursuit of such vaguely defined goals as “stability,” “balance,” and the “maintenance of friendly relations.” Yet, in the Committee's view, there is little evidence that such general purposes have actually been served by this massive and often indiscriminate program.

In defense of the program, it is often argued that such grants allow recipient countries to channel into productive economic activities scarce resources which would otherwise be consumed by military expenditures. Experience, however, indicates that the availability of grant aid induces recipient countries to maintain larger and more expensively-equipped military forces than they would otherwise find necessary or prudent. By thus biasing recipient countries toward increased militarization, the program not only escalates the destructive potential of international conflict but also enhances the relative power of the military within those societies and thereby creates undesirable tendencies away from the very democratic processes which the program, in its origins, was intended to defend.

For some years, the Foreign Relations Committee has held the view that, as a practical matter, only Congress is in a position to put an end to the near-addictive habit which this program represents. As Professor Thomas Shelling of Harvard University stated in testimony to the Committee one year ago:

It is always difficult to terminate aid programs, military or other. There is always an apparent shock or trauma when the United States seems to be severing a long-standing connection with a country, when it seems to be stopping its appreciation of the country as a recipient of aid. I think it is often the case, too, that countries receiving aid can intensify and exaggerate the pain and the anguish and the poverty that goes with the cessation of an aid program. The Congress is often in a very strong position to make aid termination look less discriminatory. The Congress can often take steps that

are recognized by recipient countries as applying rather more universally than the bilateral diplomatic negotiations that the countries have with the Executive Branch. Countries can always hope to importune the Executive Branch to continue something, especially something that does not cost a great deal of money, and for the Executive Branch to refuse is very often construed by the country as lack of appreciation by the Executive Branch.

If the hands of the Executive Branch are sometimes tied, if the Executive Branch is not available to that kind of importuning, very often the pain and the shock of the termination of a program to which a country has become accustomed turns out to be very small and, particularly, the country's government will take its own steps to reduce rather than to enhance the likely diplomatic shock of such termination.

Last year, in its treatment of the foreign aid bill for fiscal year 1974, the Committee made significant reductions in the amount requested for military grant aid and also added a requirement that the entire program, including the overseas network of military missions, be phased out over a period of four years. Regretably, from the Committee's view, a motion on the Senate floor to strike that provision succeeded by a narrow margin. This year, renewing its effort, the Committee took consistent action—cutting the program sharply, from \$985 million to \$550 million, and adding a requirement that the entire program, including all military missions, be phased out over a period of three years. To smooth the transition from grants to cash and credit sales, the Committee included a provision authorizing concessional credit sales during the phase-out period to those countries where grant programs are being terminated.

In addition to reducing the MAP authorization and providing for a three year phase out of MAP grants and overseas missions, the Committee acted to close off auxiliary sources of military assistance which annually have allowed for greater expenditures on military aid than could be clearly perceived either by the Congress or the American people. Heretofore, in addition to the MAP and Foreign Military Credit Sales categories, military assistance has been provided by means of the following:

- (a) Military Assistance Service-Funded (MASF), a Defense Department budget category now used only for military aid to South Vietnam;
- (b) Defense Department funding of salaries and expenses of military personnel in military missions;
- (c) Grants of "excess defense articles" from overseas Defense Department stocks; and
- (d) Grants of weapons and equipment drawn from Defense Department stocks, which are replenished through subsequent appropriations.

In regard to each of these four categories, the Committee proposes corrective action:

- (a) A provision sponsored by Senator Case requires that Department of Defense funding of military aid to South Vietnam

end on June 30, 1975, and that any subsequent military assistance to South Vietnam be funded from regular MAP appropriations;

(b) A provision sponsored by Senator Fulbright requires that all DOD expenditures relating to military missions be charged against the annual MAP appropriation;

(c) A provision sponsored by Senator Pearson requires that all "excess defense articles" be evaluated at a minimum of one-third acquisition cost and that all grants of excess defense articles be charged against the annual MAP appropriation; and

(d) Another provision sponsored by Senator Pearson denied the Administration's request for renewal of the "draw-down" authority.

In combination, these amendments will have the salutary effect of making the annual military assistance appropriation an accurate measure of direct U.S. military grant assistance during the three-year period while such assistance is being phased-out.

The Committee emphasizes that the phase-out of the Military Assistance Program will, by no means, require a total cessation of U.S. military assistance activities. The Foreign Military Credit Sales program will continue, so that U.S. weapons will be available on good credit terms to friendly countries after they have carefully analyzed their security needs within the constraints imposed by normal budgetary considerations. In addition, Congress will still be in a position to authorize military grant and concessional credit sale assistance whenever a friendly country's circumstances warrant such aid—as in the case of Israel, which received military aid through special legislation last year. What the MAP phase out will accomplish is to bring an end to the habit of widespread U.S. military grant aid, so that in the future the presumptive case will be against grant military aid and such assistance will be provided only when a genuine security need has been clearly identified and analyzed by both the Executive Branch and Congress.

Indochina

Through a combination of provisions in S. 3394, the Committee acted to reduce further the scope of U.S. involvement in South Vietnam, Cambodia, and Laos, and to establish guidelines for future U.S. activities and programs in those countries.

To place a clear and definite limit on U.S. financial involvement in Indochina, the Committee imposed, for each of the three countries, a ceiling on overall U.S. expenditures. It also established a ceiling on United States personnel in Vietnam and lowered the current personnel ceiling for Cambodia. To establish guidelines for such American activities as may continue, the Committee incorporated in the bill statements of policy relating to both U.S. military and economic assistance. On the military side, the policy statement calls upon the Executive Branch to take new initiatives directed toward bringing about an effective cease-fire throughout Indochina, reducing arms shipments to the area, and concluding a lasting settlement of the issues which have fueled the past twenty years of tragic conflict. On the economic side, the Committee incorporated in the bill specific guidelines designed to promote the effective utilization of such economic aid as Congress may

henceforth authorize for the countries of Indochina. For the fiscal year 1975 economic aid which this bill specifically authorizes, the Committee divided the total amount allowed for each country into distinct categories within which expenditures must be confined; the Executive Branch is authorized, however, to transfer funds from military purposes to humanitarian and economic development purposes, though not the reverse. The Committee believes that the specific plans and performance criteria called for in the guidelines are essential if U.S. assistance money is to be wisely spent. Such plans and criteria will also provide a basis for later Congressional evaluation of the effectiveness of the fiscal year 1975 program.

For South Vietnam, the Committee established a fiscal year 1975 ceiling on obligations of \$1.28 billion. Within this ceiling, the Committee recommends \$420 million for economic assistance, which is specifically authorized in this bill; \$160 million for Public Law 480 commodities, which is the amount currently programed by the Executive Branch; and \$700 million in military assistance, the amount recently approved by the House and the Senate in the Department of Defense Appropriations bill.

The \$420 million authorized in S. 3394 for economic aid to South Vietnam is \$330 million below the Administration's request of \$750 million. In this connection, the Committee wishes to make several points:

(a) Although the proposal submitted was entitled "Indochina Post-war Reconstruction," the continuation of fighting in South Vietnam severely limits the possibility of reconstruction activities. The title of this program is clearly a misnomer.

(b) The programs presented to the Congress by the Agency for International Development for Vietnam included very little money for genuine reconstruction projects. Indeed, out of the total of \$750 million requested, only \$13.4 million could be attributed to activities which would normally be considered reconstruction.

(c) AID's proposed program for South Vietnam continues to place primary, and excessive, reliance upon vast inputs of commodities and dollar grants. Neither the Vietnamese nor the U.S. government has yet formulated a comprehensive plan for the economic development of South Vietnam.

(d) The AID Congressional presentation placed great stress on "humanitarian" and "war victims" programs. The Committee strongly favors relief activities but believes that the costs projected for such programs were inflated, that the per capita costs of \$100 per refugee were excessive, that the definition of "humanitarian" assistance has been overly expanded, and that adequate planning has not been done to ensure the useful expenditure of funds. Furthermore, it was apparent to the Committee even from AID's own submission that substantial amounts regulated for "humanitarian" purposes would be reallocated for other purposes.

Deficiencies such as these in the proposal for South Vietnam prompted the Committee to reduce the program and also to include guidelines for the effective utilization of future U.S. aid. These guidelines incorporate the Committee's strong view that there must be less

reliance by the Vietnamese on gross inputs of commodities and more emphasis on correcting the structural problems of the South Vietnam economy. The guidelines also call for less reliance on the "free market" approach which heretofore has permitted the short term profit taking and flight of capital that have continued to characterize the Vietnamese economy. Finally, the guidelines stress the need for a multi-lateral approach to aid for South Vietnam so that other countries may have a share in the cost and responsibility for Vietnam's economic development.

For Cambodia, the Committee established a ceiling of \$347 million. Within this ceiling, the Committee allocated \$70 million for economic assistance, which is specifically authorized in this bill; \$200 million in military assistance, also authorized in this bill; and \$77 million for P.L. 480 commodities, the amount programed by the Executive Branch.

The \$70 million recommended by the Committee for economic aid to Cambodia is 40 million below the Administration's request of \$110 million. In the Committee's view, Cambodia has long since ceased to have a national economy, and the amount approved is intended simply to sustain Cambodia until a cease-fire can be arranged between the Phnom Penh government and the Khmer insurgents. The reductions in the Cambodian economic request also reflect the elimination of what the Committee believes to have been "padding" in the proposed program.

As regards the \$200 million authorized for military aid, which represents a \$191.3 million reduction from the Executive Branch's \$391.3 million request, the Committee was influenced by its view that the war in Cambodia is more clearly than ever a civil war—and one in which the United States is, in significant measure, supplying the forces on both sides. American intelligence officials acknowledge that the North Vietnamese play little or no role in the fighting going on in Cambodia today, and that the insurgent Cambodian forces rely heavily on captured or diverted U.S. ammunition, particularly 105 mm. howitzer shells. As for the government side, all reports indicate grossly excessive use of ammunition, including massive amounts of "harassment and interdiction" fire. Of the proposed program, more than \$300 million would have been used solely for ammunition.

The Committee believes that the \$200 million authorized should be ample for military aid if some measure of discipline is exercised by the government forces, which, the Committee noted, far outnumber the insurgents. In the Committee's view, it will serve neither the American interest nor that of the local population for the United States to continue to sustain the wasteful practices of the government forces and to arm the insurgents. The Committee emphasizes that the goal of all concerned must be to stop the fighting and, as stated in the policy guidelines incorporated in the bill, the Committee believes that the United States should take steps forthwith to establish contact with Khmer insurgents and encourage a cease-fire at the earliest possible date. If this can be accomplished within the coming year, the transferability feature in S. 3394 will permit the

diversion of military assistance funds to relief and reconstruction uses throughout the country. The Committee hopes that the availability of these funds for such purposes will provide some incentive to both sides to negotiate.

For Laos, the Committee established an FY 1975 ceiling of \$100 million. Within this ceiling, the Committee recommends \$45 million for economic assistance and \$55 million for military aid—representing reductions of \$11 million and \$35.9 million, respectively, from the Executive Branch's requests. U.S. Economic aid in Laos is used primarily to support the economy of the capital city, Vientiane; and the Committee believes that \$45 million should be sufficient to accomplish that objective. On the military side, the Committee could find no valid justification for the Executive Branch proposal to provide more military assistance during a year of expected cease-fire than was provided during the past year. The Committee noted that the original request was not based on cease-fire conditions and that U.S. officials believe \$55 million in military aid would be sufficient in those circumstances. The Committee hopes that authority in S. 3394 to transfer military funds to economic and humanitarian purposes will provide an incentive to both sides to avoid resumption of fighting.

Middle East Assistance

The Committee notes that section 28 of the bill, "Middle East Assistance," is, in a technical legislative sense, largely superfluous. The section does authorize the appropriation of \$100 million for a Middle East Special Requirement Fund, as requested by the Administration, but, apart from that provision, the section serves no other purpose than to indicate that certain of the money authorized elsewhere in the bill is intended for use in the Middle East: \$100 million in grant military aid, \$330 million in military credit sales, and \$577.5 million in supporting assistance, in addition to the \$100 million Special Requirements Fund. The Administration apparently included such a special section in its draft legislation for the purpose of drawing attention to the important role the foreign assistance program will play in its efforts to further a lasting Middle East peace. While the Committee is normally not disposed to approve unnecessary legislative language, it retained a special Middle East section in order to show its approval of this portion of the Administration's request and its full support for the Administration's efforts in that region. As described in the section-by-section analysis, however, the Committee did add a requirement that the Congress be notified in advance of proposed expenditures from the Special Requirements Fund.

COST ESTIMATES

Section 252(a)(1) of the Legislative Reorganization Act of 1972 requires that committee reports on bills and joint resolutions contain:

- (A) an estimate made by such committee, of the costs which would be incurred in carrying out such a bill or joint resolu-

tion in the fiscal year in which it is reported and in each of the five fiscal years following such fiscal year . . .

The Committee estimates that the cost of carrying out the provisions of this bill during fiscal year 1975 will be \$2,527,626,000, plus such carryover and loan reflow funds as may be allowed in appropriation bills, if all funds are obligated during the course of the fiscal year.

These authorizations are for one year only. In 1975 the Committee will review all programs carried out under the authority of the Foreign Assistance Act and the Foreign Military Sales Act. It is impossible at this time to estimate the amounts that the Committee might authorize for foreign assistance for fiscal year 1976 or the next four fiscal years. However, it should be noted that, under the bill, the military grant assistance program and military missions will be phased out over a period of three years, thus eliminating a major element of the costs for carrying out the programs for which appropriations are authorized in this bill.

COMMITTEE VOTES

Section 190(b) of Title 2 of the United States Code provides in part:

Each . . . committee shall keep a complete record of all committee action. Such record shall include a record of the votes on any question on which a record vote is demanded. The results of rollcall votes taken in any meeting of any such standing committee of the Senate upon any measure, or any amendment thereto, shall be announced in the committee report on that measure unless previously announced by the committee, and such announcement shall include a tabulation of the votes cast in favor of and the votes cast in opposition to each such measure and amendment by each member of the committee who was present at that meeting.

The following is a complete tabulation of all record votes taken during the Committee's consideration of S. 3394:

Humphrey amendment to authorize \$620 million for Indochina postwar reconstruction, instead of \$938.8 million in Administration bill. Rejected, August 7, by 3 yeas to 10 nays. Voting yea: McGee, Humphrey, Javits. Voting nay: Mansfield, Church, Symington, Pell, McGovern, Aiken, Pearson, Percy, Griffin, Fulbright.

Fulbright amendment to authorize \$515 million for Indochina postwar reconstruction. Rejected, August 7, by 6 yeas to 7 nays. Voting yea: Mansfield, Church, Symington, Pell, McGovern, Fulbright. Voting nay: McGee, Humphrey, Aiken, Javits, Pearson, Percy, Griffin.

Humphrey amendment to authorize \$650 million for Indochina postwar reconstruction. Agreed to August 7, by 7 yeas to 6 nays. Voting yea: McGee, Humphrey, Aiken, Javits, Pearson, Percy, Griffin. Voting nay: Mansfield, Church, Symington, Pell, McGovern, Fulbright.

Javits amendment to allocate \$577.5 million of security supporting assistance funds to the Middle East, instead of \$377.5 million in Ad-

ministration bill. Agreed to, August 7, by 10 yeas to 5 nays. Voting yea: Church, Pell, McGee, Humphrey, Aiken, Javits, Scott, Pearson, Percy, Griffin. Voting nay: Sparkman, Mansfield, Symington, McGovern, Fulbright.

Javits amendment to authorize \$750 million for military assistance, instead of \$985 million as requested. Rejected, August 8, by 3 yeas to 6 nays. Voting yea: McGee, Javits, Scott. Voting nay: Mansfield, Church, Symington, McGovern, Humphrey, Fulbright.

Church amendment to authorize \$700 million for military assistance. Agreed to, August 8, by 9 yeas to no nays. Voting yea: Mansfield, Church, Symington, McGee, McGovern, Humphrey, Javits, Scott, Fulbright.

Symington amendment to put ceiling on aid to Indochina: South Vietnam, \$1,360 million; Laos, \$100 million; Cambodia, \$362 million. Agreed to, August 8, by 8 yeas and 2 nays. Voting yea: Mansfield, Church, Symington, Pell, McGovern, Javits, Percy, Fulbright. Voting nay: McGee, Humphrey.

Symington amendment to put ceiling of 4,000 on U.S. personnel in Vietnam. Agreed to, August 8, by 10 yeas to no nays. Voting yea: Mansfield, Church, Symington, Pell, McGee, McGovern, Humphrey, Javits, Percy, Fulbright.

Church amendment to Fulbright amendment phasing out military grant assistance to require Congressional authorization for establishment of new military missions abroad (instead of requiring Congressional approval for establishing or continuing such missions after July 1, 1977). Rejected, August 8, by 5 yeas to 5 nays. Voting yea: Mansfield, Church, Symington, McGovern, Fulbright. Voting nay: McGee, Humphrey, Javits, Scott, Percy.

Javits substitute for Abourezk amendments No. 1512 and No. 1552. The Abourezk amendments would have prohibited military assistance or sales, or security supporting assistance to any government not permitting specified international organizations free access to its prisons for investigating alleged violations of human rights, and would have required presidential reports on the implementation of Sec. 32 of the Foreign Assistance Act of 1973, expressing the sense of Congress that any assistance should be denied governments imprisoning their citizens for political purposes. The Javits substitute would have given priority, in furnishing assistance, to nations governed through democratic institutions and would have directed the termination or substantial reduction of assistance to governments imprisoning persons for political reasons or practicing torture. Rejected, August 9, by 2 yeas to 7 nays. Voting yea: Humphrey, Javits. Voting nay: Sparkman, Symington, McGee, Aiken, Pearson, Percy, Griffin.

Humphrey motion that, within the ceilings on aid to Indochina, the amounts for military assistance, economic assistance, and P.L. 480 be specified. Agreed to, August 13, by 9 yeas to 5 nays. Voting yea: Sparkman, Mansfield, Church, Pell, McGee, McGovern, Humphrey, Case, Fulbright. Voting nay: Symington, Aiken, Scott, Pearson, Griffin.

McGovern amendment to authorize \$500 million for Indochina postwar reconstruction, instead of \$939.8 million as requested. (Previous action on this item reconsidered by unanimous consent.) Agreed to, August 13, by 9 yeas to 7 nays. Voting yea: Sparkman, Mansfield, Church, Symington, Pell, McGee, McGovern, Case, Fulbright. Voting nay: Humphrey, Aiken, Javits, Scott, Pearson, Percy, Griffin.

Humphrey amendment to authorize \$575 million for Indochina postwar reconstruction. (Previous action reconsidered by unanimous consent.) Rejected, August 13, by 8 yeas to 8 nays. Voting yea: Humphrey, Aiken, Case, Javits, Scott, Pearson, Percy, Griffin. Voting nay: Sparkman, Mansfield, Church, Symington, Pell, McGee, McGovern, Fulbright.

Sparkman amendment to authorize \$550 million for Indochina postwar reconstruction. Agreed to, August 13, by 10 yeas to 6 nays. Voting yea: Sparkman, McGee, Humphrey, Aiken, Case, Javits, Scott, Pearson, Percy, Griffin. Voting nay: Mansfield, Church, Symington, Pell, McGovern, Fulbright.

Humphrey amendment to authorize \$550 million in military assistance, instead of \$985 million requested. (Previous action reconsidered by unanimous consent.) Agreed to, August 13, by 12 yeas to 4 nays. Voting yea: Sparkman, Mansfield, Church, Symington, Pell, McGee, McGovern, Humphrey, Aiken, Case, Javits, Fulbright. Voting nay: Scott, Pearson, Percy, Griffin.

Nelson amendment No. 1399 permitting either House of Congress to disapprove proposed military credit sales of more than \$25 million within 30 days. Rejected, August 13, by 6 yeas to 10 nays. Voting yea: Mansfield, Church, Symington, Pell, McGovern, Fulbright. Voting nay: Sparkman, McGee, Humphrey, Aiken, Case, Javits, Scott, Pearson, Percy, Griffin.

Javits motion to report bill as amended. Agreed to, August 13, by 11 yeas to 5 nays. Voting yea: Sparkman, Pell, McGee, Muskie, McGovern, Humphrey, Case, Javits, Scott, Pearson, Percy. Voting nay: Mansfield, Church, Symington, Aiken, Fulbright.

SECTION-BY-SECTION ANALYSIS

Section 2. Food and Nutrition

Section 2 amends Section 103 of the Foreign Assistance Act of 1961 relating to assistance to foreign countries for food and nutrition programs.

Paragraph (2) of subsection (a) authorizes an appropriation of \$491,000,000 for fiscal year 1975 for assistance on projects and programs to expand food production and improve nutrition in poor countries. This is an increase of \$200,000,000 in the existing fiscal year 1975 authorization, which was approved by Congress last year, and a reduction of \$55,300,000 in the budget request. The Committee notes that A.I.D. anticipates that \$104,400,000 from receipts and \$24,300,000 from recoveries will also be available for use on food and nutrition programs thus making a total of \$619,700,000 available for this activity.

SUMMARY OF FOOD AND NUTRITION PROGRAM PROPOSAL, FISCAL YEAR 1975

[In thousands of dollars]

	Total	Grants	Loans
Grand total.....	675,034		
Operating expenses.....	60,921		
Total program.....	614,113	93,998	520,115
Africa (total).....	113,496	36,996	76,500
Ethiopia.....	19,306	2,306	17,000
Ghana.....	11,000	1,000	10,000
Kenya.....	6,873	1,873	5,000
Morocco.....	4,626	626	4,000
Liberia.....	14,460	1,460	13,000
Nigeria.....	1,394	1,394	
Rwanda.....	2,500		2,500
Sudan.....	700	700	
Tanzania.....	10,079	3,079	7,000
Tunisia.....	4,787	1,787	3,000
Uganda.....			
Zaire.....	5,403	403	5,000
Central-West regional.....	21,868	16,868	5,000
East Africa regional.....	610	610	
South regional.....	7,935	2,935	5,000
Africa regional.....	1,955	1,955	
Self-help (included in Africa regional).....	(750)	(750)	
Asia (total).....	344,295	16,920	327,375
Afghanistan.....	9,090	1,090	8,000
Bangladesh.....	62,100	2,100	60,000
India.....	75,500	500	75,000
Indonesia.....	52,810	2,810	50,000
Korea.....	19,298	298	19,000
Nepal.....	2,352	952	1,400
Pakistan.....	55,348	1,348	55,000
Philippines.....	38,084	3,609	34,475
Sri Lanka (Ceylon).....	8,000		8,000
Thailand.....	2,395	2,395	
Turkey.....	17,207	707	16,500
Yemen Arab Republic.....	300	300	
Asia regional.....	811	811	
Latin American (total).....	128,150	12,150	116,000
Bolivia.....	8,839	839	8,000
Brazil.....	300	300	
Chile.....	25,800	800	25,000
Colombia.....	5,258	258	5,000
Costa Rica.....	309	309	
Dominican Republic.....	155	155	
Ecuador.....	649	649	
El Salvador.....	7,115	615	6,500
Guatemala.....	15,401	901	14,500
Guyana.....	3,500		3,500
Haiti.....	6,504	1,504	5,000
Honduras.....	12,100	600	11,500
Jamaica.....	8,000		8,000
Nicaragua.....	8,220	220	8,000
Panama.....	11,465	465	11,000
Paraguay.....	3,535	1,035	2,500
Peru.....	11,997	997	11,000
Uruguay.....	449	449	
Venezuela.....			
ROCAP.....	500	500	
East Caribbean.....			
Inter-American organizations.....			
Latin America regional.....	6,054	1,554	4,500
Supporting assistance (total).....	980	980	
Jordan.....	380	380	
East Asia regional.....	600	600	
Worldwide technical assistance and research programs.....	26,952	26,952	
Inspector General of Foreign Assistance.....	240		240

Source: AID.

Paragraph (3) adds a new subsection (b) to section 103 which is a finding by Congress concerning the need for special emphasis on ex-

panding food production in the poorest countries. Senator Humphrey initiated this provision.

Congress finds that, due to rising world food, fertilizer and petroleum costs, human suffering and deprivation are growing in the poorest and most slowly developing countries. The greatest potential for significantly expanding world food production at relatively low cost lies in increasing the productivity of small farmers who constitute a majority of the nearly one billion people living in these countries. Increasing the emphasis on rural development and expanded food production in the poorest nations of the developing world is a matter of social justice as well as an important factor in slowing the rate of inflation in the industrialized countries. In the allocation of funds under this section, special attention should be given to increasing agricultural production in the countries with per capita incomes under \$300 per year and which are the most severely affected by sharp increases in worldwide commodity prices. Some countries on the Executive Branch's fiscal year 1975 program list do not appear to meet these criteria.

Section 3. Population Planning

Paragraph 1 increases the fiscal year 1975 authorization for population planning and health from \$145,000,000 to \$165,000,000. In a related action, the Committee, in paragraph 2, amended section 292 of the Act to increase the earmarking of funds, made available to carry out Part I, which must be used for population activities from \$130,000,000 to \$150,000,000. AID planned to obligate \$137,500,000 for population activities in fiscal year 1975. Thus, the Committee's action will insure a \$12,500,000 increase in this program.

The Committee has always been a strong supporter of programs to assist in controlling population growth. It is the Committee's view that this work should receive top priority in the allocation of foreign assistance funds.

Section 4. Authorization for Education and Human Resources Development

This section, originated by Senator Humphrey, authorizes an additional \$2,000,000 in fiscal year 1975 for assistance for use in education and human resources development under Section 105 of the Foreign Assistance Act. This will increase the total fiscal year 1975 authorization for this category to \$92,000,000. The Committee intends that \$3,000,000 of the funds appropriated or otherwise made available to carry out Section 105 or other pertinent provisions of the Act be used to fund foreign assistance activities of the Opportunities Industrialization Centers International (OICI).

The following excerpt from a letter dated August 7, 1974, from Mr. John E. Murphy, Deputy Administrator of AID, to Senator Humphrey provides background information concerning the work of this organization under AID auspices.

I share your view that OICI has distinguished itself in Philadelphia and elsewhere in the United States. The Agency has been working with OICI, as you know, in an attempt to apply the OICI approach to employment problems in urban areas of four African countries. The projects financed by A.I.D. in Ethiopia, Ghana, Kenya, and Nigeria have had

mixed results thus far; and A.I.D. has been discussing with OICI the phase-out of A.I.D. assistance. The phase-out plans are in consonance with the original concept that these undertakings were limited in time and based on achieving local support to sustain local African OIC institutions. In fact, in the cases of Ghana and Nigeria, the Agency had reached agreement with OICI to end A.I.D. financing this fiscal year while final efforts are made to obtain adequate local support. However, OICI now appears interested in continuing these projects as well as expanding its operations to Latin America and Asia.

The Agency has recently received proposal from OICI, in response to our initiative to solicit increased participation of private voluntary organizations in development, for five new projects in Africa and Latin America. These proposals are being reviewed and the Agency will be discussing them with OICI as soon as their Director is available. (He is currently in Africa.) We will also continue our discussions with OICI concerning the existing projects in Africa.

A.I.D. is prepared to commit \$3 million for OICI projects in fiscal year 1975, and will work with OICI in a variety of ways to reach agreement on a viable continuing program level of \$3 million a year. To do this, A.I.D. will make every effort to assist OICI in an effective expansion of their activities and improvement of their organization and management. I will make certain A.I.D. staff helps identify potential opportunities for OICI involvement as well as explore ways for their participation in existing programs. Since we are particularly interested in seeing OICI adapt its approach to meet host country priority needs in Africa and elsewhere, we are prepared to provide funds to plan and develop proposals as well as strengthen their management capacity.

The Committee notes that section 113 of the Foreign Assistance Act of 1961, approved by Congress last year, requires that the development assistance authorized in sections 103 through 107 be "administered so as to give particular attention to those programs, projects and activities which tend to integrate women into the national economies of foreign countries." The Committee expects that next year the A.I.D. presentation will describe explicitly how the country programs funded through these sections are being planned and administered to serve this purpose.

Section 5. Housing Guaranties

The Committee has approved extension of the housing investment guaranty program from June 30, 1975, to June 30, 1976, and has increased the guaranty authority under Section 221 of the Act from \$305,000,000 to \$405,000,000.

At the time it considered the foreign assistance authorization bill in 1973, the Committee indicated its intention to review the work of the Housing Investment Guaranty Program as the basis for further au-

thorization. The Committee has concluded that the progress being made merits extension of the program for an additional year and an increase in the ceiling on guaranty authority.

The housing guaranty program is the major A.I.D. resource for assisting developing countries on housing problems. It operates basically without cost to the taxpayer and operating expenses are covered by a fee, typically 1/4 percent per year on outstanding balances. Current income is about \$3,000,000 per year. As of May 20, 1974, ninety-one projects have been authorized and eighty-two of these are under contract. Eight projects totalling \$166,000,000 were authorized in fiscal year 1974.

The tables below show authorized housing guaranty projects by country and projections for fiscal year 1975:

HOUSING GUARANTY PROJECTS BY COUNTRY, AUTHORIZED AS OF JUNE 30, 1974

	Number of projects	Amount		Number of projects	Amount
Latin America:			Africa:		
Argentina.....	7	\$54,322,000	Ethiopia.....	1	\$5,000,000
Bolivia.....	2	9,600,000	Ivory Coast.....	2	12,032,800
CABEI.....	4	67,000,000	Kenya.....	3	16,994,000
Caribbean Islands.....	1	2,000,000	Liberia.....	1	5,000,000
Chile.....	3	4,690,000	Senegal.....	1	5,000,000
Colombia.....	3	26,867,000	Tunisia.....	2	14,992,500
Costa Rica.....	3	6,600,000	Zaire Republic.....	1	10,000,000
Dominican Republic.....	5	19,035,000	Morocco.....	1	10,000,000
Ecuador.....	2	7,400,000	Total.....	12	79,019,300
El Salvador.....	3	11,049,750			
Guatemala.....	1	1,500,000	Asia:		
Guyana.....	2	6,000,000	China.....	1	4,794,000
Honduras.....	4	10,581,332	Korea.....	2	30,000,000
Jamaica.....	5	25,602,000	Iran.....	1	25,000,000
Mexico.....	2	14,500,000	Israel.....	3	100,000,000
Nicaragua.....	3	25,926,000	Thailand.....	1	4,961,000
Panama.....	7	24,953,000	Total.....	8	164,755,000
Peru.....	7	46,022,000			
Venezuela.....	9	51,465,100	Grand total.....	93	658,884,982
Total.....	73	415,110,682			

Source: AID.

Fiscal year 1975 housing guaranty projections

	Millions
Latin America:	
Central America (Honduras, Costa Rica, Guatemala).....	\$16
Chile.....	25
Ecuador.....	5
Paraguay.....	4
Total.....	50
Africa:	
Cameroon.....	4
Gabon.....	5
Ivory Coast.....	10
Tunisia.....	15
Zambia.....	5
Zaire.....	10
Total.....	49

<i>Fiscal year 1975 housing guaranty projections—Continued</i>		<i>Millions</i>
Asia:		
Indonesia	-----	\$25
Korea	-----	15
Total	-----	40
Grand Total	-----	139

Source: AID

Section 6. International Organizations and Programs

This section increases the fiscal year 1975 authorization for international organizations and programs from \$150,000,000, which is authorized under current law, to \$186,900,000. The President requested an increase to \$153,900,000. The Committee approved that request and authorized, at the initiative of Senator McGee, an additional \$30,000,000. The sum added by the Committee is to be distributed as follows: U.N. Development Program (UNDP), \$20,000,000; U.N. Relief and Works Agency (UNRWA), \$10,000,000; and the U.N. Children's Fund (UNICEF), \$3,000,000.

By providing an additional \$20,000,000 for the UNDP, the United States will be able to make a \$110,000,000 contribution for calendar year 1975, rather than the \$100,000,000 proposed by President Nixon. The additional \$20,000,000 available to UNDP would be used to end split-year funding for the UNDP which has been undertaken since calendar year 1973 when only \$70,000,000 was provided for the UNDP under the fiscal year 1973 continuing resolution. At that time, in order to allow the United States to make a \$90,000,000 contribution to UNDP in 1973, \$20,000,000 had to be drawn from fiscal year 1974 funds. This additional authorization will remedy this situation by restoring our UNDP contribution to a full annual funding basis.

The Committee believes that strong U.S. support for the UNDP is important to our nation's effective participation in the United Nations. The level of our support for the UNDP is seen by the developing nations as a measuring stick of the seriousness of our participation in the United Nations organization.

An additional \$3,000,000 is provided in order to make available the full \$18,000,000 earmarked for UNICEF in the authorization bill last year. This amount is \$3,000,000 above the amount requested by President Nixon for fiscal year 1975. Such an increase was believed to be justified by both the House Foreign Affairs and Senate Foreign Relations Committees last year in view of the fact that demands on UNICEF resources had increased markedly. Despite these increased needs, our contribution to UNICEF has remained at the \$15,000,000 level since 1972.

The increase of \$10,000,000 for UNRWA is for a special emergency contribution by the United States. UNRWA continues to be this year, as before, in serious long-term financial difficulty. The negotiations on a peace settlement in the Middle East have given an additional importance to UNRWA's work. UNRWA's health, education, and food services have always been essential to a minimally acceptable standard of living for the refugees it serves in offering them more

hope for the future, especially for their children. UNRWA has thus been central to maintaining such stability as the refugee areas have had, including those refugee areas in Israel-held territory where some 40 percent of these refugees live. Any reduction now in U.S. support for UNRWA in relation to its need, forcing the agency to cut back its services, would endanger not only this stability, but also the settlement negotiations. In particular, it would be seen as totally inconsistent with our repeatedly expressed position that a just and lasting peace in the Middle East cannot be established without taking into account the wishes and aspirations of the Palestinians.

The following table details the proposed distribution of all funds requested by the Executive Branch for voluntary contributions to international organizations:

VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS UNDER THE FOREIGN ASSISTANCE ACT

[In thousands of dollars]

	Fiscal year--		
	1973 Actual	1974 Estimate	1975 Estimate
AUTHORIZED UNDER SEC. 302(A) FAA			
United Nations programs:			
U.N. Development Program.....	70,581	190,226	110,047
U.N. Children's Fund.....	15,000	15,000	15,000
IACA/Operational Fund.....	1,750	2,000	2,000
WMO/Voluntary Assistance Program.....	1,500	1,500	1,500
U.N./FAO World Food Program.....	1,500	1,500	1,500
U.N. Institute for Training and Research.....	400	400	400
WHO/International Agency for Research on Cancer.....	337		
International Secretariat for Volunteer Service.....	73	72	60
U.N. Relief and Works Agency.....	14,300	14,300	23,200
U.N. Fund for Namibia.....		50	50
World Heritage Trust Fund.....			143
Subtotal.....	105,441	125,048	153,900
AUTHORIZED ELSEWHERE			
U.N. Environment Fund ¹		7,500	10,000
U.N. Relief and Works Agency (expansion of training).....		2,000	
Indus Basin:			
Loans.....	16,291	2,000	200
Grants.....	10,000	9,000	14,500
Total, International Organizations and Programs.....	131,732	145,548	178,600
Other appropriations:			
Population Planning and Health Funds:			
U.N. Fund for Population Activities.....	9,000	18,000	20,000
Organization for Economic Cooperation and Development.....	100	50	50
International Narcotics Control:			
U.N. Fund for Drug Abuse Control.....	4,000	2,000	5,000
Supporting Assistance:			
U.N. Force in Cyprus.....	2,400	1,600	4,800
Grand total.....	147,232	167,198	208,450

¹ \$3,000,000 is contingent on reinterpretation of legislation by General Accounting Office.

² Authorized by separate legislation.

Source: A.I.D.

Section 7. Authorization for Military Assistance

This section authorizes the appropriation of \$550,000,000 for grant military assistance in fiscal year 1975, an increase of \$37,500,000 over the authorization for fiscal year 1974. \$450,000,000 was appropriated

for fiscal year 1974. The Executive Branch requested an authorization of \$985,000,000 for FY 1975. In addition to the funds to be authorized in this bill, it is estimated that \$39,000,000 more will be available through reappropriation, recoupments, and reimbursements. Thus, funds will be available to finance a total military assistance program of \$589,000,000. Military grant assistance to all recipient countries other than South Vietnam is funded through this program. Military aid to South Vietnam is funded through the Department of Defense budget.

The Committee has taken action to phase out the military grant assistance program over a period of three years. The reductions made in the authorization request by the Committee represent the first step toward terminating this program. For many years the Committee has made major reductions in the military grant aid program and has questioned the underlying policy. Its skepticism about the program culminated in its decision last year to phase out the program, a decision reaffirmed in this bill. Additional comments appear in the explanation of the phase-out provision.

The country-by-country military grant aid program proposed by the Executive Branch, a total of 48 countries, follows:

MILITARY ASSISTANCE PROGRAM

VALUE IN THOUSANDS OF DOLLARS

COUNTRIES	FY 1973	Estimated FY 1974	Proposed FY 1975
EAST ASIA & PACIFIC			
China (Taiwan)	29,940	28,700	400
Indonesia	16,907	17,600	22,700
Khmer Republic	131,755	325,012	362,500
Korea	132,628	112,300	161,500
Laos	-	-	85,200
Malaysia	165	200	265
Philippines	15,671	16,800	17,800
Thailand	35,793	35,773	56,000
Regional Costs	212	300	365
Regional Total	363,072	536,685	706,850
NEAR EAST & SOUTH ASIA			
Afghanistan	-	-	200
Greece	210	200	-
India	1,068	200	100
Iran	8	-	-
Lebanon	32,725	36,100	94,100
Nepal	206	150	150
Pakistan	32	25	35
Saudi Arabia	270	235	280
Sri Lanka	240	200	220
Turkey	15	15	15
Regional Costs	58,438	48,700	80,400
Regional Total	75	50	50
Regional Total	93,305	85,825	175,295
EUROPE			
Austria	16	30	24
Finland	19	20	24
Portugal	902	800	960
Spain	9,138	3,400	1,600
Regional Costs	117	50	23
Regional Total	10,192	4,300	2,531
AFRICA			
Ethiopia	8,495	11,300	11,300
AFRICA (CONT'D)			
Ghana	51	40	70
Liberia	200	100	100
Mali	4	40	50
Morocco	108	850	860
Senegal	19	20	25
Togo	1,287	1,200	2,000
Tunisia	227	350	300
Zaire	61	80	30
Regional Costs	10,952	13,960	14,785
Regional Total	10,952	13,960	14,785
LATIN AMERICA			
Argentina	614	600	700
Bolivia	3,752	2,730	3,300
Brazil	754	800	800
Chile	508	900	800
Colombia	562	800	800
Dominican Republic	622	800	1,300
Ecuador	-	-	400
El Salvador	435	610	1,100
Guatemala	787	699	1,300
Haiti	200	610	1,200
Honduras	537	140	1,100
Mexico	118	140	1,100
Nicaragua	841	795	1,100
Panama	480	400	500
Paraguay	264	800	1,400
Peru	816	900	860
Uruguay	1,000	1,000	1,000
Venezuela	847	900	700
Regional Costs	396	460	350
Regional Total	13,392	13,566	18,250
DOO (GENERAL COSTS)	91,504	100,124	106,269
SPECIAL PROJECT	-	15,000	-
WORLDWIDE TOTAL	582,417	769,500	1,024,000

Source : Department of Defense.

Section 8. Repeal of Special Drawdown Authority

This section, initiated by Senator Pearson, repeals Section 506 of the Foreign Assistance Act which provided basic authority for the President to draw on Department of Defense stocks, up to an annual limit approved by Congress, to provide additional military assistance to foreign countries beyond that made available by Congress in regular appropriations for the military aid program.

The military assistance bill passed by the Senate last year, S. 1443, also proposed the repeal of this authority. In conference with the House, it was agreed to give the President authority to draw \$250,000,000 in defense stocks during fiscal year 1974 with the intention, as stated by the conference managers, that "up to \$200 million of the emergency military assistance requirements for Cambodia" be furnished through that authority. Subsequently, President Nixon used the full \$250,000,000 authorized under section 506 for Cambodia.

The Committee has repealed this provision as a part of its overall effort to restore Congressional control over the foreign aid program and retract major grants of discretionary authority over foreign aid matters which have been given to the President in the past. If the furnishing of emergency military assistance to a foreign country is truly important to the national interest the President can come to Congress for authority, as was done in the case of Israel last year, or country allocations can be reprogrammed as necessary.

Section 9. Military Assistance to South Vietnam

This provision sponsored by Senator Case, will require that military assistance to South Vietnam be funded through the regular military assistance program under the Foreign Assistance Act effective July 1, 1975. The Committee's action reflects the fact that direct American military involvement in Indochina has now been terminated and the justification originally presented for funding military aid to South Vietnam from the Department of Defense budget no longer has any validity. The Committee's action is consistent with the statement made to the Senate by Senator Stennis on July 30, 1974, in presenting the conference report on the Military Procurement Authorization bill, H.R. 14592. Senator Stennis said:

Now this program has narrowed down to military aid for South Vietnam. This is the last year it will be in this bill, and this military aid will be provided under the regular military assistance program—MAP—next year, for fiscal 1976.

Sec. 10. Limitation on the Grant of Excess Defense Articles

This section initiated by Senator Pearson, enacts a new section 514 to the Foreign Assistance Act of 1961, to bring about greater Congressional control over the use of excess defense articles in the military assistance program. It seeks to impose the same restrictions that were contained in the 1973 foreign aid bill, S. 1443, as approved by the Senate. However, the provision was lost in conference and the restrictions relating to excess materials were greatly weakened by the bill that emerged from the conference.

In a report to Senator Pearson on the effect of the changes made last year, the General Accounting Office stated that "there is, for all practical purposes, no effective limitation" on the amount of excess articles that can be furnished to foreign countries. The report (GAO B-163742, July 15, 1974) stated:

Current legislation enacted after we issued our excess report actually expanded the possibilities for the uncontrolled use of excess defense articles in MAP, which was the antithesis of our report. This occurred mainly from a change in the definition of the value of excess defense articles.

Section 8, as amended, requires that, when an excess defense article is ordered for a foreign recipient, MAP funds be reserved in an amount equal to the value of the article. When the article is delivered, such funds will be transferred to the Treasury. This provision applies to all excesses generated in the United States. It applies to excess articles generated abroad only when the aggregate value of such articles ordered in any fiscal year exceeds \$150 million, thereby limiting the transfer of such articles without charge to MAP.

Previously, value for this purpose meant not less than 33 1/3 percent of the acquisition cost of the article, but under current legislation it means actual value plus the cost of repair and rehabilitation. The law, however, does not indicate how actual value will be determined. Apparently the Department of Defense (DOD) will make this determination. DOD said that a recent sampling in Taiwan showed the overall value of excess defense articles at the time of offer to be only 8.9 percent of the original acquisition cost. Therefore, as a result of the change in the meaning of value, the amount of excess defense articles which can be provided to MAP without charge is vastly increased. This is illustrated as follows:

Section 8 established a limitation of \$185 million in excess defense articles which could be transferred at no cost to MAP. At 33 1/3 percent (1/3) of the acquisition cost, this equated to \$555 million (3 x \$185 million). Present legislation, however, reduced the amount to \$150 million at actual value. But, on the basis of DOD's recent sampling, actual value might be as little as 8.9 percent (1/11) of the acquisition cost, which would equate the current limitation to \$1.65 billion at the acquisition cost (11 x \$150 million). Since this is about three times greater than the total acquisition cost of excess defense articles provided in any single previous year, there is, for all practical purposes, no effective limitation.

The provision recommended by the Committee would require that the value of excess defense articles used in the military aid program be charged against appropriations for military assistance with "value" defined as "actual value of the article but not less than 33 1/3 percent of acquisition cost."

The new subsection 514(a) provides that the value of any excess

defense article furnished to a foreign country or international organization by any agency of the United States Government shall be considered to be an expenditure made from funds appropriated under section 504 of the Act. Unless the agency certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof (less amounts to be transferred under section 632(d) of this Act) shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is canceled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the appropriation made under section 504 of this Act for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the appropriation made under section 504 of the Act for the current fiscal year, upon delivery of such article, if at the time of delivery the stock status of the article is determined in accordance with section 644 (g) or (m) of the Act to be nonexcess.

The new Subsection (b) requires the President to promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

Subsection (b) amends section 644(m) (1) of the Foreign Assistance Act of 1961 to read as follows:

"(1) with respect to an excess defense article, the actual value of the article but not less than $33\frac{1}{3}$ per centum of the amount the United States paid at the time the defense article was acquired by the United States;". The law now says "actual value" but DOD has interpreted this in some cases to be much less than one-third of acquisition cost.

Subsection (c) repeals section 8 of the Foreign Military Sales Act of 1971 as amended to reflect the enactment of this new provision to govern the use of excess defense articles.

The following table shows the country-by-country distribution of excess defense articles proposed by the Executive Branch:

EXCESS DEFENSE ARTICLES VALUE IN THOUSANDS OF DOLLARS

COUNTRIES	FY 1973	Estimated FY 1974 a/	Proposed FY 1975
EAST ASIA & PACIFIC			
China (Taiwan)	22,312	-	-
Indonesia	469	7,000	6,200
Korea	5,449	16,000	1,250
Republic	8,307	20,800	20,800
Laos	4,408	900	900
Philippines	4,984	7,000	2,500
Thailand	6,432	11,000	18,500
Vietnam	24,303	35,000	35,000
Regional Total	77,064	86,000	85,150
NEAR EAST & SOUTH ASIA			
Greece	4,873	-	-
Jordan	6,742	15,000	25,000
Turkey	42,299	40,000	35,000
Regional Total	53,914	55,000	60,000
EUROPE			
Portugal	*	-	-
Spain	771	-	-
Regional Costs	4	-	-
Regional Total	775	-	-
COUNTRIES	FY 1973	Estimated FY 1974 a/	Proposed FY 1975
AFRICA			
Ethiopia	734	1,000	2,600
Liberia	*	-	400
Tunisia	10	-	-
Regional Total	744	1,000	3,000
LATIN AMERICA			
Bolivia	316	700	200
Dominican Republic	96	300	50
El Salvador	-	300	50
Honduras	133	300	50
Nicaragua	-	300	50
Panama	702	1,500	350
Paraguay	76	300	50
Uruguay	526	1,300	450
Regional Total	732	3,600	600
Regional Total	2,591	8,000	1,850
WORLDWIDE TOTAL	135,090	150,000	150,000

a/ Overseas stocks only - Domestic excess is funded under MAP.

* Less than \$500.

NOTE: Totals may not add due to rounding.

Source: Department of Defense.

Section 11. Stockpiling of Defense Articles for Foreign Countries

In preparation for the hearings on this legislation the Committee learned that since 1972 the Department of Defense has been stockpiling arms and equipment for possible use by South Vietnam, Thailand, and Korea in the event of future hostilities. In reply to a request for information about a \$490,000,000 item listed as "War Reserve Materials" under the Defense budget category, "Support of Other Nations," the Defense Department furnished the following explanation to the Committee:

EXPLANATION FROM THE DEFENSE DEPARTMENT

The requested appropriation for War Reserve Materials (WRM) is made up of two categories as indicated and defined below:

WRM—Support of Allies (Equipment)

Costs for acquisition, storage and maintenance of war reserve equipment and secondary items for Vietnam, Thailand, and Korean Forces. This constitutes the only equipment stockpiled and earmarked specifically for use by the ROK, RVN, or Thailand forces. Stocks will remain U.S. owned and controlled.

WRM—Support of Allies (Ammunition)

Costs for acquisition, storage and maintenance of war reserve munitions for Vietnam, Thailand, and Korean forces. This constitutes the only ammunition stockpiled and earmarked specifically for use by the ROK, RVN and Thailand forces. Stocks will remain U.S. owned and controlled.

In order to obtain additional information concerning the stockpile program the Committee asked the General Accounting Office to look into certain aspects which are relative to the Committee's legislative responsibility for foreign assistance matters. Following are pertinent excerpts from the GAO's report to the Committee (GAO report B-159451, July 17, 1974):

EXCERPTS FROM REPORT TO THE COMMITTEE ON FOREIGN RELATIONS,
UNITED STATES SENATE BY THE GENERAL ACCOUNTING OFFICEDEPARTMENT OF DEFENSE STOCKPILING OF WAR RESERVE MATERIALS FOR
USE BY UNITED STATES ALLIES (B-159451)

We determined from DOD planning and programing documents that the approved force levels used to plan future requirements included the estimated number of allied forces that might need logistics support in future Asian hostilities. Estimated allied requirements add to but do not replace U.S. requirements.

DOD stocks of munitions and equipment have traditionally been available for transfer to allies pursuant to appropriate military assistance legislation, as well as for use by U.S. Forces. Specific identification of war reserve stocks for possible future transfer to allies in DOD budget documentation planning began with the development of the fiscal year 1972 Defense program. Some available assets were allocated for

this purpose in fiscal year 1973. However, funds were not requested in budget submissions to the Congress until fiscal year 1974.

Items held in reserve that are planned for potential allied use are not segregated from other reserve stocks, and almost all the same kinds of items are also required as war reserves for U.S. Forces. If necessary, the war reserves for allied forces could be used to support U.S. Forces.

* * * * *

DOD planners for fiscal year 1973 allocated \$23 million of its reserve assets toward the total allied requirement; for fiscal year 1974, \$494 million was allocated. For fiscal year 1975, \$529 million of the total procurement request has been proposed for application toward allied requirements. Some of each of the following types of items are proposed to be procured from the fiscal year 1975 funds.

Army

Small arms ammunition	Mortar ammunition
Artillery ammunition	Tanks ¹
Tank recovery vehicles ¹	Machine guns
Portable radar sets ¹	Rocket launchers ¹
Minor miscellaneous items	Landing boats
Spares and repair parts	

¹ All new procurement of these items will go directly to U.S. Army active and reserve units. The older pieces of equipment displaced by the new procurement will go into the war reserve stockpile that could be used to replace U.S. or (with proper authorization) allied combat losses in some future conflict. Therefore this procurement, although labeled as allied reserve, modernizes the U.S. Army Force while increasing the total assets available as war reserves.

Air Force

Air-to-ground munitions
Tanks, racks, adapters, and pylons

The stockpiling of defense assets for potential use by allies adds another level to the DOD procurement base. We previously mentioned that new Army procurement will modernize U.S. active and reserve units and the older articles being replaced will make up the war reserve stockpile. It is conceivable that once these U.S. Forces have been modernized, DOD will modernize the war reserve, and thus make large quantities of defense assets excess and available for transfer to foreign governments, including those for which the stockpile was originally intended.

More importantly, however, is the fact that DOD has the authority to decide what portion of the DOD inventory will make up the approved force requirement level. Since the war reserve for allies represents a portion of the total war reserve in excess of U.S. approved force requirements, DOD can now stockpile older items that would immediately become excess upon replacement. If a future emergency arises overseas, DOD could reduce the approved force requirement level and immediately make the war reserve for allies available as

excess for transfer to whichever country may need them. All this could be accomplished without adversely affecting the total U.S. approved force requirements.

The Committee has approved a provision which would require (1) that any stockpiling of military materials for foreign countries be financed out of regular military assistance funds in all cases except that of South Vietnam. In the case of South Vietnam, whose military aid is financed through the Department of Defense budget, any stockpiles would be paid for out of funds approved for such military aid; and (2) that the cost of any materials already stockpiled which are subsequently furnished to a foreign country be charged against funds available for military assistance and, in the case of Vietnam, against any ceiling established for military aid to that country.

The Committee believes that if a stockpile for foreign military forces is warranted it should be justified as a part of the regular foreign aid program and paid for out of foreign aid funds.

Subsection (a) of the new section 515 provides that no funds, other than funds made available under the Foreign Assistance Act or section 401(a) (1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, may be obligated or expended for the purpose of stockpiling any defense article or war reserve material, including the acquisition, storage, or maintenance of any war reserve equipment, secondary items, or munitions, if the article or material is set aside, reserved, or in any way earmarked or intended for future use by any foreign country.

Subsection (b) provides that the cost of any article or material set aside, reserved, or in any way earmarked or intended by the Department of Defense for future use by, for, or on behalf of South Vietnam, shall be charged against the limitation specified in section 401(a) (1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, for the fiscal year in which the article or material is set aside, reserved, or otherwise earmarked; and the cost of any such article or material set aside, reserved, or in any way earmarked for future use by, for, or on behalf of any other foreign country shall be charged against funds authorized under chapter 2 of part II of this Act for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked. No article or material may be made available to or for use by South Vietnam or any other foreign country unless such article or material has been charged against the limitation specified in section 401(a) (1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, or against funds authorized for military grant assistance under the Foreign Assistance Act.

Subsection (c) states that the new section shall not be construed as conferring any new authority to stockpile defense articles for a foreign country.

Section 12. Costs of Military Assistance Advisory Groups and Missions

This section adds a new section 516 to the Foreign Assistance Act which requires that all costs of U.S. military missions, groups, or similar organizations, including pay and allowances of assigned military personnel, be charged against funds made available for the military assistance program. The purpose of the provision is to insure that the funds approved by the Congress for foreign military assist-

ance shall bear the full costs of all activities related to the military assistance program and thus accurately reflect the true cost of the program to the taxpayer. As it is, the major costs for military missions are now paid out of the Department of Defense budget, not the military assistance account. For the 1975 fiscal year the Department of Defense estimates that of the \$74,418,100 to be spent for operation of military missions and groups only \$16,895,200 will be paid from foreign military assistance funds. The remainder, \$57,522,900, would be paid from appropriations for the Defense Department, absent the enactment of this provision. Of the sixteen U.S. military missions in Latin America, for example, there are only two missions where *any* operating costs are paid from appropriations for military aid, a total of \$306,400 charged to MAP whereas Department of Defense funds are used to pay \$10,341,800 for operating costs of the sixteen missions.

The following table gives cost data for each of the forty-three U.S. military missions.

FISCAL YEAR 1975 COST DATA, DEPARTMENT OF DEFENSE MAAGS, MISSIONS, AND MILITARY GROUPS

(In thousands of dollars)

Country	Annual operating costs		Country	Annual operating costs	
	MAP	DOD		MAP	DOD
U.S. European Command:			Japan.....	325.7	171.4
Belgium.....	213.7	209.6	Korea.....	3,243.4	8,145.2
Denmark.....	147.5	264.1	Pakistan.....	128.1	124.3
Ethiopia.....	1,207.9	2,180.4	Philippines.....	451.6	1,122.9
France.....	246.4	180.4	Thailand.....	984.7	8,965.8
Germany.....	785.7	1,003.3	U.S. Southern Command:		
Greece.....	769.6	1,368.5	Argentina.....		1,115.7
Iran.....	1,153.3	6,216.0	Bolivia.....		896.8
Italy.....	292.5	353.2	Brazil.....		1,933.6
Liberia.....	509.8	408.3	Chile.....		626.5
Morocco.....	319.7	416.9	Columbia.....		803.6
Netherlands.....	146.7	226.5	Costa Rica.....		123.0
Norway.....	142.0	187.0	Dominican Republic.....	190.6	172.8
Portugal.....	168.1	322.7	El Salvador.....		334.9
Saudi Arabia.....	291.4	3,337.1	Guatemala.....		609.7
Spain.....	313.7	907.5	Honduras.....		354.2
Tunisia.....	222.4	233.6	Nicaragua.....		551.2
Turkey.....	1,304.8	4,320.5	Panama.....		323.1
Zaire.....	564.6	397.1	Paraguay.....		517.1
U.S. Pacific Command:			Peru.....	115.8	124.1
Cambodia.....	880.7	1,593.8	Uruguay.....		594.6
China.....	642.9	2,987.0	Venezuela.....		1,160.9
India.....	168.1	833.3			
Indonesia.....	963.7	1,454.7	Total.....	16,895.2	57,522.9

Source: Department of Defense.

The new section 516 provides that an amount equal to each sum expended under any provision of law, other than section 504 of the Foreign Assistance Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under section 504, and (1) if reimbursement of the amount is requested by the agency of the United States Government making the expenditure, reimbursed to that agency, or (2) if reimbursement is not requested, deposited in the Treasury as miscellaneous receipts.

Section 13. Termination of Authority—Phase Out of Military Grant Assistance and Military Missions

Section 13 will phase out military grant assistance programs, other than training, and U.S. military missions and groups over a period of

three years. The foreign aid bill approved by the Committee last year would have phased out military grant assistance and military missions and groups over a four year period, but the provision was deleted by the Senate. Thus, section 13 reaffirms the policy endorsed by the Committee last year.

During the three year phase out period, countries now receiving grant aid could obtain credit at a concessional interest rate of not less than four percent, within certain limits. After September 30, 1977, any grant assistance, other than training, for a country must be specifically authorized by Congress, as was done in the case of Israel last year. Similarly, continuation of any military mission or group after that date must also be authorized specifically by Congress. The provision also prohibits the training of foreign military forces outside the United States after September 30, 1977 unless specifically authorized by Congress.

The world of a quarter of a century ago, which spawned the foreign military assistance program, bears little relation to the world of today. The cold war is over. The United States is normalizing relations with China and is pursuing a policy of detente with the Soviet Union. Yet the policies of that era linger on in the military aid program. S. 3394 will phase out this relic of the past.

Under paragraph (1) of subsection (a) of the new section 517 the President is required to gradually reduce assistance, other than military training, so that, not later than September 30, 1977, no assistance, other than training, shall be provided to a foreign country.

Under the new paragraph (2), deliveries could continue to be made after that date on military grant aid for which obligations were made prior to the cutoff date.

The new subsection (b) authorizes the President in each of the fiscal years 1975, 1976 and 1977 to finance procurements of defense articles and defense services, other than training, by any foreign country receiving defense articles or defense services during fiscal year 1974 under Chapter 2 of Part II of the Foreign Assistance Act on terms providing for payment in United States dollars (1) of the value of such articles and services which value shall not exceed during each such fiscal year the value of such articles and services (other than military training) furnished that country in fiscal year 1974 under Chapter 2, (2) at a rate of interest of not less than four per centum a year, and (3) within ten years after delivery of the defense articles or rendering of the defense services.

The new paragraph (c) (1) phases out military missions and groups by not later than September 30, 1977. By that date all the functions of military assistance advisory groups or other organizations of the United States Government performing similar activities in a foreign country shall be transferred to the Chief of the United States Diplomatic Mission to the country.

This provision is designed to cover the phaseout of all types of military personnel assigned to foreign countries who are engaged in activities involving the foreign military assistance or sales programs. Many members of the U.S. armed forces are now being sent abroad, on missions of limited duration, in connection with the military sales program, who are not formally assigned to a military mission or group. The functions performed by these military men, in training foreigners

in the use and maintenance of arms and equipment bought in the U.S., could be handled in most if not all, cases by civilian technicians provided by the U.S. manufacturer. The net effect of the current practice of using military instead of civilian contract technicians, is simply to tie the U.S. Government even more closely to the interests of the purchasing country. The use of U.S. military personnel aboard in connection with the sales program is to be phased out along with regular military missions and groups. After September 30, 1977 the sending of such personnel to a foreign country must be specifically authorized.

For a number of years, the Committee has tried to reduce the number and size of U.S. military missions and groups abroad. There are, for example, military missions to seven countries in Western Europe where grant aid programs were terminated years ago. The 43 groups and missions now in existence are also top heavy with rank, as shown in the list below. Cost data on missions and groups is shown in the list under the section concerning the funding of these organizations.

DEPARTMENT OF DEFENSE MAAGS, MISSIONS, AND MILITARY GROUPS

Country	Commander/Chief	Grade	Service	Authorized personnel	
				Military	Civilian
U.S. European Command:					
Bellux, MAAG	J. H. Egginton	Colonel	USAF	7	1
Denmark, MAAG	T. H. Wilder	Captain	USN	7	1
Ethiopia, MAAG	H. D. Yow	Brigadier general	USA	80	7
France, MAAG	P. D. Blumenthal	Colonel	USA	7	2
Germany, MAAG	J. J. Wagstaff	Major general	USA	26	7
Greece, JUSMAG	C. W. Ryder	do	USA	46	9
Iran, ARMISH-MAAG	D. Brett	do	USAF	192	16
Italy, MAAG	G. M. Johnson, Jr.	do	USAF	11	2
Liberia, LIBMISH	A. M. Buckner	Colonel	USA	16	
Morocco, MUSLO	F. H. Smart	do	USAF	18	3
Netherlands, MAAG	E. Saroch, Jr.	Captain	USN	8	
Norway, MAAG	R. L. Herman	Colonel	USAF	6	1
Portugal, MAAG	R. B. Ely	Rear Admiral	USN	11	3
Saudi Arabia, USMTM	J. G. Hill, Jr.	Brigadier general	USA	133	2
Spain, JUSMG-MAAG	C. T. Baldwin	Major general	USA	38	15
Tunisia, TUSLO	W. N. Thomas	Colonel	USA	8	1
Turkey, JUSMMAT	J. V. Galloway	Major general	USA	146	28
Zaire, ZAMISH	H. Mallot	Colonel	USA	20	
U.S. Pacific Command:					
Cambodia, MEDT	W. W. Palmer	Brigadier general	USA	77	
China (Taiwan), MAAG	S. Nash	Major general	USAF	166	27
India, ODR	J. D. Jordan	Colonel	USAF	4	1
Indonesia, DLG	J. McCuen	do	USA	45	4
Japan, MDAO	R. N. Stoddard	do	USA	7	5
Korea, JUSMAG	H. S. Cunningham	Major general	USA	397	61
Pakistan, ODR	A. S. Cloninger	Colonel	USA	5	5
Philippines, JUSMAG	J. R. Sadler	Brigadier general	USA	50	9
Thailand, JUSMAG	T. W. Mellen	Major general	USA	258	3
U.S. Southern Command:					
Argentina, MILGP	J. G. Waggoner	do	USA	29	1
Bolivia, MILGP	R. T. Tierno	Colonel	USA	29	2
Brazil, MILGP	M. W. Kendall	Major general	USA	40	6
Chile, MILGP	R. E. Davis	Captain	USN	15	
Colombia, MILGP	M. Elston	Colonel	USAF	24	1
Costa Rica, MILGP	N. Smith	Lieutenant colonel	USA	4	1
Dominican Republic, MAAG	E. Valdes	Colonel	USMC	11	
El Salvador, MILGP	R. M. Gomez	Lieutenant colonel	USA	10	
Guatemala, MILGP	J. P. Rice	Colonel	USA	19	
Honduras, MILGP	A. L. Sanderson	do	USA	11	
Nicaragua, MILGP	S. F. Little, Jr.	do	USA	17	
Panama, MILGP	T. A. Austin	do	USA	9	1
Paraguay, MILGP	A. Nisbet, Jr.	do	USA	15	
Peru, MAAG	R. D. Brewington	do	USAF	7	
Uruguay, MILGP	R. C. Kerr	do	USAF	13	
Venezuela, MILGP	F. J. Bush	do	USA	36	1
Total				2,078	223

Source: Department of Defense.

The following list provides data on organizations which are not technically classified as military missions or groups under current practices of the Department of Defense, as well as information concerning countries where responsibility for military assistance and sales matters are already being carried out by defense attaches:

TECHNICAL ASSISTANT FIELD TEAMS (TAFTS)¹

Country	Ranking officer	Number of personnel assigned	Number of contract personnel	Annual costs	
				United States	Host government reimbursement
Iran:					
Army.....	Col. Howard Moore.....	182		\$4,950,000	\$4,950,000
Navy.....	Comdr. Fred Wood.....	20		611,000	611,000
Air Force.....	Col. Rufus Johnston.....	250		5,673,000	5,673,000
Iran Air Force:					
F-4.....	do.....	43		1,376,000	1,376,000
C-130.....	do.....	15		425,000	425,000

U.S. ARMY CORPS OF ENGINEERS¹

Saudi Arabia.....	Col. Wm. L. Durham.....	79	125	\$36,443,830	\$36,443,83
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U.S. PROJECT MANAGER FOR THE MODERNIZATION OF THE SAUDI ARABIAN NATIONAL GUARD¹ (AUTHORITY: FMS ACT, AS AMENDED)

Saudi Arabia.....	Col. Thomas A. Mort.....	16		341,997	341,997
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DEFENSE ATTACHÉS WITH RESPONSIBILITY FOR ADMINISTRATION OF SECURITY ASSISTANCE²

Austria.....	Col. G. K. Troy.....	11			
Afghanistan.....	Col. Elton L. Weston.....	12			
Australia.....	Col. Harry A. Witt.....	13			
Finland.....	Col. Wallace G. Matthews.....	20			
Ghana.....	Col. Jack A. Dodds.....	4			
Ivory Coast.....	Col. Rayburn L. Smith, Jr.....	7			
Jamaica.....	Lt. Col. Mervyn J. Burns.....	4			
Jordan.....	Col. Clarence C. Mann.....	6			
Lebanon.....	Col. Forest J. Hunt.....	11			
Malaysia.....	Col. Louis Stickney, Jr.....	8			
Mexico.....	Brig. Gen. Richard E. Cavazos.....	14			
Nepal.....	Col. Stephen A. Nemeth.....	2			
New Zealand.....	Col. Wm W. Leesburg.....	5			
Nigeria.....	Col. James H. Davis.....	5			
Saudi Arabia.....	Lt. Col. Wm. A. Filer.....	6			
Senegal.....	Lt. Col. David H. Anderson.....	5			
Singapore.....	Col. Rudolf W. Kogan.....	10			
Sri Lanka.....	Comdr. Ralph L. Seger, Jr.....	3			
Sweden.....	Col. John R. Burman.....	13			
Switzerland.....	Col. Edward P. Freeman.....	7			
United Kingdom.....	Rear Adm. Wm. H. Livingston.....	17			
Vietnam.....	Mag. Gen. John E. Murray.....	20			
Yugoslavia.....	Col. John W. Klingelhofer.....	9			

¹ The cost of operating and maintaining TAFT's, U.S. project manager, and U.S. Corps of Engineers is fully reimbursed by the recipient government.

² Defense attaché offices (DAO). In addition to their normal duties, defense attachés reflected above have some responsibility for administration of security assistance. Because the preponderance of time devoted to other duties, annual costs for the security assistance functions is not usually isolated.

Note: In addition to the organizations listed above, the military departments assign personnel on a temporary-duty basis to provide technical assistance to an ally or friendly foreign country. This function, organized as a mobile training team (MTT) differs from a technical assistance field team (TAFT), in that the MTT's are of much shorter duration. The cost of the MTT's are most often reimbursed by the recipient government and often constitutes a part of a larger sales case.

Source: Department of Defense.

New paragraph (2) limits the number of military attaches that can be assigned to a U.S. diplomatic mission. It provides that on and after October 1, 1977, the total number of military attaches assigned

to the United States diplomatic mission shall not exceed by more than 25 percent the total number of military attaches authorized to be assigned to that mission on June 30, 1974. The purpose of this provision is to prevent the ballooning of the size of military attache groups as the military missions and groups are phased out and their residual functions assumed by attaches.

New paragraph (3) requires that on and after October 1, 1977, no military assistance advisory group, military mission, or other such organization of the United States Government in a foreign country shall be established or continued unless the group, mission, or organization is authorized by law specifically for that country.

Subsection (b) makes appropriate changes in the Foreign Assistance Act effective on October 1, 1977, in order to carry out the policy encompassed in the preceding provisions.

Section 14. Termination of Military Assistance to South Korea

This section, initiated by Senator Church, places ceilings on the amounts available in each of the fiscal years 1975, 1976, and 1977 for military grants and credit sales to South Korea and requires a phase-out of all military grant and credit assistance to that country over the three-year period. The combined military grant/credit ceiling set by the Committee for fiscal year 1975 is \$133.95 million—three-fourths of the total grant/credit program in fiscal year 1974. Within this fiscal 1975 ceiling, no more than \$91.5 million may be used for grants, including grants of excess defense articles, three-fourths of the grant program in fiscal year 1974. Beyond fiscal year 1975, the Committee provided for a steady phase-out of the grant program by placing additional ceilings of \$61.0 million on fiscal year 1976 grants (one-half the fiscal year 1974 grant level) and \$30.5 million on fiscal year 1977 grants (one-fourth the fiscal year 1974 grant level). The table below shows, in millions of dollars, the fiscal year 1974 military aid program to South Korea, the proposed fiscal year 1975 program, and the ceilings set by the Committee:

CEILING FOR SOUTH KOREA
[In millions of dollars and fiscal years]

	1974 program	1975 request	Ceilings imposed by this section		
			1975	1976	1977
Grants.....	121.9	200.8	91.5	61.0	30.5
Military assistance program.....	(78.1)	(161.5)			
Excess defense articles.....	(21.8)	(20.8)			
MAP supply operations.....	(22.0)	(18.5)			
Credit sales.....	56.7	52.0	42.45	28.3	14.15
Total.....	178.6	252.8	133.95	89.3	44.65

The Committee wishes to stress that these are ceilings only and in no way constitute an endorsement by the Committee of aid to Korea at these levels.

The Committee took this action because of its serious concern about the increasingly repressive measures of the South Korean government.

In addition, the Committee was mindful of the GAO recommendation that the United States "give more recognition to Korean finan-

cial capabilities" and that a plan be devised "for phasing out U.S. assistance."

Section 15. Authorization for Security Supporting Assistance

This section amends section 532 of the Act to authorize \$585,500,000 for security supporting assistance activities in fiscal year 1975. This authorization includes funds for the economic assistance portions of the Middle East programs itemized and described in subsequent sections of the bill.

The program proposed by the Executive Branch, as modified by the Committee, is shown in the following table:

SECURITY SUPPORTING ASSISTANCE (In thousands of dollars)			
	Fiscal year—		
	1973	1974	1974
Thailand.....	10,600	7,400	250,000
Philippines.....	49,300	700	230,000
Egypt.....			77,500
Israel.....	50,000	50,000	9,500
Jordan.....	50,000	55,000	3,000
Malta.....	14,383	9,500	4,800
Spain.....	3,000	3,000	2,700
U.N. Forces Cyprus (UNFICYP).....	2,400	1,600	
Interregional support costs.....	17,276	3,000	
Subtotal.....	196,959	130,200	597,500
Indochina program.....	425,392	(¹)	(¹)
Total.....	622,351	130,200	397,500
Less—Deobligations and recoveries.....	-22,351	-17,700	-12,000
New obligational authority.....	600,000	112,500	585,500

¹ Indochina programs authorized separately under "Indochina relief and reconstruction" in fiscal year 1974 and fiscal year 1975.

Section 16. Transfers Between Accounts

Subsection (a) amends section 610 of the Foreign Assistance Act in two major respects.

Paragraph (1) changes the transfer authority contained in section 610(a) to restrict its use only to transfers of funds between economic assistance programs. Transfers of funds appropriated for economic assistance programs for use in the military assistance program will be prohibited.

Paragraph (2) of subsection (a) adds a new subsection at the end of Section 610 which allows the President to transfer military assistance funds allocated to a country under Section 653 of the Act, other than South Vietnam, Cambodia, and Laos for which separate transfer authority is provided in the new section 809, for use in development assistance programs within that country. Such transfers are authorized only within a country and not between overall program accounts. Thus, funds allocated for military assistance in one country cannot be shifted for use in development assistance programs in another country.

Subparagraph (b) (1) Repeal of Special Authorities.—This provision, initiated by Senator Symington, repeals section 614 of the Foreign Assistance Act of 1961.

Section 614 contains general authority for the President to waive

any of the restrictions or requirements of the Foreign Assistance Act when he finds it "important to the security of the United States" to do so. The waiver authority can be used to provide assistance each fiscal year to the extent of \$250,000,000 in dollars and \$100,000,000 in foreign currencies notwithstanding provisions in the Act which otherwise would have prohibited the furnishing of the assistance. Under the provision, up to \$50,000,000 can be furnished to any one country in a year through use of the waiver authority, but that limit does not apply in the case of a country which is a "victim of active Communist or Communist-supported aggression."

In effect, section 614 allows the President to override any of the restrictions Congress has required for the foreign aid program, unless the restriction specifically states that it may not be waived through use of the 614 authority. For all practical purposes, section 614 is a blank check to the President signed by the Congress.

This authority can be used both to ignore restrictions in the Act as well as to override foreign aid funding decisions made by Congress in the authorization and appropriation bills.

Section 610 of the Act authorizes the President to transfer funds appropriated for one purpose and use them for a different purpose. However, there are limits to this transfer authority and the Committee has in this bill, prohibited the shifting of economic aid for military uses. Under existing law not more than 10% can be taken from one appropriation category and transferred to another category. And the category to which the funds are transferred cannot be increased by more than 20 percent of the amount originally appropriated for that purpose.

But, this restriction is more nominal than real since the President can use the authority in Section 614 to waive those percentage limitations. In 1970 this authority was used by the President to take \$50,000,000 of the funds Congress had appropriated for economic aid and convert it into military aid for Cambodia, at a time when no request had even been submitted to Congress for aid to that country.

Congress has given Presidents entirely too much power and authority in using foreign aid funds. Repeal of section 614 will be a significant step toward restoring Congress' power over the foreign aid purse-strings.

Subparagraph (b) (2) makes technical changes in various provisions of the Act to conform to the changes in section 610 and the repeal of Section 614.

Section 17. Access to Certain Military Bases Abroad

This section would add a new section 659 at the end of the Foreign Assistance Act of 1961 to make permanent law what is now section 29 of the Foreign Assistance Act of 1973 which was effective only for fiscal year 1974.

The purpose of this provision is to insure that American newsmen have access to overseas base facilities constructed or maintained by United States funds and used by U.S. personnel to carry out military operations. The American public, consistent with security requirements, has a legitimate right to be kept informed about activities conducted from such facilities and they rely on the news media to perform this service.

This provision, though general in scope, resulted from U.S. newsmen being denied access to bases in Thailand, constructed with the tax dollars of U.S. citizens, which are manned by U.S. military personnel.

The Committee believes that the provision enacted last year has achieved results and has decided that it should be made permanent.

Section 18. Prohibiting Police Training

Section 18, initiated by Senator Abourezk, would add a new section 660 to the Foreign Assistance Act which would prohibit use of foreign assistance funds to provide training, advice or financial support for police, prison, or other internal security forces of a foreign country.

The prohibition will not apply:

(1) with respect to assistance rendered under section 515(e) of the Omnibus Crime Control and Safe Streets Act of 1968, or with respect to any authority of the Drug Enforcement Administration or the Federal Bureau of Investigation which relates to crimes of the nature which are unlawful under the laws of the United States, or

(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program.

This provision will expand the prohibition in section 112 of the Foreign Assistance Act of 1961 which was adopted by Congress last year. As approved by the Committee and passed by the Senate the provision that became section 112 would have prohibited all training of foreign police and related forces. However, in conference a compromise was reached with the House which applied the prohibition only to training. This new provision, in effect, will carry out the objective endorsed by the Senate last year in S. 2335. The Committee's comments on the prohibition proposed last year bear repeating here.

United States participation in the highly sensitive area of public safety and police training unavoidably invites criticism from persons who seek to identify the United States with every act of local police brutality or oppression in any country in which this program operates. It matters little whether the charges can be substantiated, they inevitably stigmatize the total United States foreign aid effort. In undeveloped areas of the world, the costs of public safety program are better left to be underwritten from local resources and the United States assistance effort directed toward less sensitive areas of social or economic development.

We have troubles enough with police/community relations in our own society. The Committee believes that our government's efforts would be better directed to this, and our own crime problem, rather than trying to teach foreigners how to run their police departments.

The prohibition is not intended to affect narcotics training by the Drug Enforcement Administration or to be interpreted as barring the routine sharing with foreign governments of information on international crimes, hijacking, terrorist activities, and the like.

Section 112 of the Foreign Assistance Act, which is superceded by this prohibition, is repealed.

Section 19. Ceiling on Assistance to Chile

This provision, sponsored by Senator McGee, places a ceiling of \$65 million on the total amount of assistance that can be provided by the United States to Chile during fiscal year 1975. Of the overall amount, not more than \$10 million can be used for military grant assistance and foreign military credit sales. The executive branch requested a total aid package for Chile amounting to \$84.9 million, of which \$21.3 million was for military assistance and credit sales.

These reductions and limitations on assistance to Chile are an expression of the Committee's concern about the continuing disregard for the protection of human rights in Chile. The Chilean Government's record in the human rights field is dismal indeed and the prospects for improvement are not the most encouraging—even with the news that all of the recently-announced death sentences have now been commuted to prison terms. This decision by Chilean authorities was of critical significance during the Committee's consideration of the aid-to-Chile issue. In the absence of it, the Committee would probably have recommended a blanket cut off of all military assistance and credit sales scheduled for Chile in this fiscal year. This is all but certain to happen when next the Committee considers foreign aid legislation, unless in the interim the authorities in Chile have acted decisively to improve their record on the human rights issue.

Sections 20-27. Indochina

GENERAL COMMENTS CONCERNING ACTIONS BY THE COMMITTEE RELATING TO INDOCHINA

In the course of its consideration of S. 3394 the Committee took several related actions designed to reduce and limit further the scope of United States involvement in Indochina. These include expenditure ceilings, personnel ceilings, and authorization of economic assistance by specific categories and programs.

A central feature of this bill is a policy statement which calls on the Executive Branch to take new initiatives designed to bring about an effective cease-fire throughout Indochina, to reduce arms shipments to the area, and to bring about a lasting settlement of the issues which have fueled the past quarter century of tragic conflict. In addition, the Committee has set forth guidelines for economic assistance designed to ensure the effective utilization of such assistance as the Congress may see fit to provide for the Indochina area in the future. It has also specified the types of assistance activities which may be carried out under the authorizations provided for the 1975 fiscal year. The Committee believes that the restrictions and policy guidelines it recommends are appropriate for the United States' limited and diminishing responsibilities and interests in Indochina and that they will enhance the prospects for a peaceful settlement of the unresolved political and military issues in the area.

The specific Indochina items in the Committee bill are explained in detail in the section-by-section analysis of this report. In order that the overall scope of the Committee's recommendations may be more easily understood a summary of the major aspects follows:

Expenditure ceilings.—The bill establishes country-by-country

ceilings on total obligations which may be incurred in fiscal year 1975 for economic and military assistance programs in South Vietnam, Cambodia and Laos. Senator Symington proposed these ceilings. In previous years similar restrictions were placed on United States expenditures in Cambodia and Laos but this is the first time that all three Indochina countries will have been covered and the first time that any ceiling has been placed on United States spending in Vietnam.

The ceilings recommended for the three countries are: Vietnam \$1,280,000,000; Cambodia \$347,000,000, and Laos \$100,000,000, a total of \$1,727,000,000 for the three. This compares with a total of \$3,120,300,000 proposed for these programs by the Executive Branch. Thus, the Committee recommends that the requested foreign aid program for Indochina be reduced by \$1,393,300,000. Comparative data is contained in the following table:

ASSISTANCE TO INDOCHINA - ESTIMATED FISCAL YEAR 1974, EXECUTIVE BRANCH PROPOSAL FOR FISCAL YEAR 1975 AND CEILINGS RECOMMENDED BY COMMITTEE
(in millions of dollars)

	Estimate, fiscal year 1974	Executive branch proposal, fiscal year 1975	Committee recommen- dation for fiscal year 1975	Reduction from executive branch request
South Vietnam:				
1. Military assistance (MASF) ¹	864.5	1,485.0	700.0	-785.0
2. General economic assistance (IGR).....	349.0	750.0	420.0	-330.0
3. AID loan.....	50.0			
4. Public Law 480.....	304.7	160.6	160.0	-.6
Total, South Vietnam.....	1,568.2	2,395.6	1,280.0	1,115.6
Cambodia:				
1. Military assistance ²	399.3	391.3	200.0	-191.3
2. General economic assistance (IGR).....	85.0	110.0	70.0	-40.0
3. Public Law 480.....	194.2	77.0	77.0	
Total, Cambodia.....	688.5	578.3	347.0	-231.3
Laos:				
1. Military assistance.....	81.0	90.9	55.0	-35.9
2. General economic assistance (IGR).....	40.6	55.2	45.0	-10.2
3. Public Law 480.....	3.6	.3		.3
Total, Laos.....	125.2	146.4	100.0	-46.4
Total, Indochina.....	2,381.9	3,120.3	1,727.0	-1,393.3

¹ New obligational authority and excess defense articles.

² Includes supplemental appropriation of \$49,000,000.

³ Includes supply operations and excess defense articles.

⁴ Includes \$250,000,000 in Department of Defense stocks.

⁵ Military assistance service funded.

Transferability of funds.—This bill permits the one-way transfer of military support funds provided for South Vietnam, Cambodia, and Laos to be used for war relief, reconstruction or general economic development in those countries. The transfer authority, sponsored by Senator Case, is a complementary feature to the overall ceilings. It recognizes the desirability of allowing the Executive Branch a degree of flexibility in the reallocation of overall U.S. resources. Since it is a one-way authority, however, the Executive Branch is precluded from using the transfer authority to increase military aid at the expense of relief and economic programs. The Committee hopes that the Execu-

tive Branch will use the transfer authority to encourage a shift in emphasis from military to political confrontation in South Vietnam and Cambodia. The transfer authority could also be useful in the context of possible negotiations to limit future outside military to the two Vietnams.

Amounts

In acting on Executive Branch requests for military and economic assistance the Committee has recommended amounts sufficient to meet the basic needs of the recipient countries consistent with the policy objectives set forth in the bill. The amounts recommended by the Committee also take into account the recipient's ability to make effective use of United States funds as well as the constraints on the United States' ability to provide funds in a time of high inflation, sizeable budget deficits, and economic uncertainty here at home.

Within the overall ceiling of \$1,280,000,000 for Vietnam, the Committee authorized \$420,000,000 for general economic assistance, \$330,000,000 less than requested by the Executive Branch. The balance of the ceiling is made up of \$160,000,000 in Public Law 480 commodities, which the Executive Branch programmed for South Vietnam in fiscal year 1975, and \$700,000,000 for military support, the amount provided in the Department of Defense appropriation bill.

The Committee not only reduced the Administration's request but also included in the bill guidelines to insure more effective utilization of any United States aid that may be approved in the future.

Although the economic problems of Vietnam are particularly complex, the Committee's guidelines are also applicable to Cambodia and Laos. The Committee expects the specific plans and performance criteria which are called for in the guidelines to provide a basis for evaluating AID and recipient government performance under the fiscal year 1975 program and against which future Indochina aid requests may be critically examined. Moreover, the Committee believes that specific guidelines are imperative as a means of ensuring that whatever United States assistance is made available will be used wisely. The Committee feels very strongly that it would be an abdication of Congress' responsibilities to make available vast amounts of the taxpayers' money to be spent at the discretion of the Vietnamese and AID.

In adopting these guidelines the Committee does not intend to commit itself to support of continued aid to Vietnam at these or any other levels. The Committee will consider the situation anew next year in the light of developments.

The Committee recommends the authorization of \$70,000,000 of economic assistance to Cambodia. The amount provided is intended to sustain Cambodia until a cease-fire can be arranged between the Phnom Penh government and the Khmer insurgents. The reduction in the Cambodian economic request also reflects the elimination of what the Committee believes to have been "padding" in the program.

The war in Cambodia is clearly a civil war. The Committee staff has reported that U.S. intelligence officials acknowledge that the North Vietnamese play little or no role in the current fighting. Re-

ports from Cambodia indicate diversion grossly excessive use of ammunition by the Cambodian military including massive amounts of "harassment and interdiction" fire. It is also noted that the insurgent Cambodian forces employ considerable amounts of United States ammunition, particularly 105 mm. howitzer shells. Ammunition alone accounts for over \$300,000,000 of the proposed \$391,300,000 Cambodia program. The Committee believes that this amount should be cut in half. Other economies could be realized if better leadership were exercised on the government side. Accordingly, the Committee has authorized \$200,000,000 for military assistance in Cambodia, which still appears quite large in view of the fact that the attacking forces are only about one-fourth the size of the Lon Nol forces.

In any event, the war in Cambodia must be stopped and, as the Committee has pointed out in its policy recommendations, the United States should take steps to establish contact with the Khmer insurgents to do what is necessary in order to bring about a cease-fire at the earliest possible date.

In Laos, the Committee could find no valid justification for the Administration's proposal to provide more military assistance during a year of expected cease-fire than was provided during the past year. Accordingly, the Lao military assistance program was reduced from \$90,900,000 to \$55,000,000. The original request did not assume cease-fire conditions and United States officials now believe \$55,000,000 in military assistance should be sufficient.

United States economic aid in Laos is used primarily to support the economy of the capital city of Vientiane. The \$45,000,000 approved by the Committee should be sufficient to accomplish that objective. The existence of the authority to transfer military funds to economic development purposes should provide an incentive to both sides to hold down fighting and thus enable the Lao to use most of the \$100,000,000 total aid authorized for constructive or humanitarian purposes.

United States policy in Laos is designed to facilitate the establishment of peace and national reconciliation. To this end, United States assistance must operate within the terms of the agreements on a cease-fire and a coalition government signed by the Laotian parties in February and September, 1973. Since that latter agreement establishes a Provisional Government of National Union, American aid should be channeled through that government to the extent possible. Also insofar as is possible, United States programs for humanitarian assistance, reconstruction, and development should be available to all areas of Laos and should be directed to wherever the need is greatest and the assistance desired.

Specific Program Authorizations.—Upon the recommendation of Senator Case, the Committee on Foreign Relations has specified that economic assistance to South Vietnam, Cambodia and Laos shall be authorized in four major program categories. In the case of South Vietnam, the Committee authorized specific amounts for projects or programs within each of the major categories.

The Committee has attempted to authorize a balanced program of economic assistance for South Vietnam within the overall total authorized. In so doing, the Committee expects detailed and regular reporting on the progress of each general program and detailed descrip-

tions of any activities to be carried out under any sub-category within the four major categories.

To insure that the objectives of each general program and each sub-program are met, the Committee plans to conduct whatever site visits and audits are necessary to monitor the programs.

The budget authorizations for the four general categories of activities and the line items for the sub-programs are austere, reflecting a very significant reduction in the Executive Branch recommendations for economic assistance to South Vietnam. But, while severe, the economic aid principles and political objectives set forth in the bill are designed to foster meaningful economic development, expansion of agricultural production and qualitative improvement in the life of the people of Vietnam regardless of political persuasion. A limited amount of funds is provided for resettling war refugees now living in urban areas, although the Committee considers that present plans for the program are inadequate.

The Committee is dismayed by reports of continuing waste and mismanagement in South Vietnam of United States assistance funds and the failure to account adequately for the expenditure of funds made available by the Congress. Under the tightly drawn budgetary program recommended the Committee hopes to rectify this situation.

Section 20. Statement of Policy—Indochina

Section 20, initiated by Senator Humphrey, is a statement of policy by Congress relative to the situation in Indochina.

Congress finds that the cease-fire promulgated in the Paris Agreement on Ending the War and Restoring Peace in Vietnam has not been observed by any Vietnamese party to the conflict. Hostilities of an offensive and defensive nature still continue in South Vietnam. In Cambodia, the conflict between insurgent forces and the Lon Nol government has intensified resulting in widespread human suffering and the near total collapse of the Cambodian national economy.

The Congress further finds that continuation of the military struggles in South Vietnam and Cambodia is not in the interest of the parties directly engaged in the conflicts, the people of Indochina or world peace. In order to lessen the human suffering in Indochina and to bring about a true peace there, the Congress hereby urges and requests the President and the Secretary of State to undertake immediately the following measures:

- (1) Begin negotiations with representatives of the Soviet Union and the People's Republic of China towards a mutually agreed upon and rapid de-escalation of military assistance on the part of the three principal suppliers of arms and materiel to all Vietnamese and Cambodian parties engaged in conflict.

- (2) Take all necessary measures strongly requesting that the government of the Khmer Republic enter into negotiations with representatives of the Khmer Government of National Union which will lead to an immediate cease-fire and political settlement of the conflict. Use all available means to establish contact with the Khmer Government of National Union and to urge them to participate in such negotiation. The United States should urge all Cambodian parties to use the good offices of the United Nations or a respected third country for the purpose of bringing an end to hostilities and reaching a political settlement.

(3) Utilize any public or private forum to negotiate directly with representatives of the Democratic Republic of Vietnam, the Provisional Revolutionary Government and the Republic of Vietnam to seek a new cease-fire in Vietnam and full compliance with the provisions of the Paris Agreement on Ending the War and Restoring Peace in Vietnam.

(4) Reconvene the Paris Conference to seek full implementation of the provisions of the Agreement of January 27, 1973 on the part of all Vietnamese parties to the conflict.

(5) Maintain regular and full consultation with the appropriate committees of the Congress and report to the Congress and the Nation at regular intervals on the progress toward obtaining a total cessation of hostilities in Indochina and a mutual reduction of military assistance to that area.

Section 21. Statement of Principles To Govern U.S. Economic Aid to Indochina

Section 21, initiated by Senator Humphrey, is a policy statement by Congress concerning the principles which should guide U.S. economic assistance programs to Indochina.

Congress finds that after expending over a billion dollars in funds for economic purposes in Indochina last year, and vast amounts in previous years, that little in lasting economic benefit remains. A large proportion of the funds expended has been used for consumable items related to the war effort. Very little of our money has found its way into capital investments of lasting productive benefit to the people.

Congress calls upon the President and Secretary of State to take immediately the following actions designed to maximize the benefit of United States economic assistance.

(1) Organize a consortium to include the multilateral financial institutions to help plan for Indochina reconstruction and development; to coordinate multilateral and bilateral contributions to the area's economic recovery; and to provide continuing advice to the recipient nations on the use of their own and outside resources.

(2) Develop in coordination with the recipient governments, other donors and the multilateral financial institutions a comprehensive plan for Indochina reconstruction and economic development.

(3) Develop country-by-country reconstruction and development plans, including detailed plans for the development of individual economic sectors, that can be used to identify and coordinate specific economic development projects and programs and to direct U.S. resources into areas of maximum benefit.

(4) Shift the emphasis of United States aid programs from consumption oriented expenditures to economic development.

(5) Identify possible structural economic reforms in areas such as taxation, exchange rates, savings mechanisms, internal pricing, income distribution, land tenure, budgetary allocations, and corruption, which should be undertaken if Indochinese economic development is to progress.

(6) Include in Indochina economic planning and programming specific performance criteria and standards which will enable the Congress and the Executive Branch to judge the adequacy of the

recipients' efforts and to determine whether, and what amounts of, continued American funding is justified.

None of the foregoing is meant to imply continuation of American financial commitment beyond the authorization provided for in this legislation.

Section 22. Authorization of Economic Assistance for South Vietnam, Cambodia, and Laos

Section 22 amends section 802 of the Foreign Assistance Act to authorize appropriations for fiscal year 1975 to provide economic assistance, other than Public Law 480 assistance, to Indochina. The Committee recommends an authorization of \$550,000,000 for fiscal year 1975, a reduction of \$389,800,000 from the Executive Branch request of \$939,800,000. This is an increase of \$46,000,000 above the authorization for fiscal year 1974. \$449,000,000 was appropriated for this purpose in fiscal 1974.

The table below compares the Committee's recommendations with the Executive Branch request and the program for fiscal year 1974:

INDOCHINA ECONOMIC ASSISTANCE

Program	Fiscal year 1974	Executive branch request, fiscal year 1975	Committee recommendation, fiscal year 1975	Reduction in executive branch request
South Vietnam.....	\$399,000,000	\$750,000,000	\$420,000,000	-\$330,000,000
Cambodia.....	95,000,000	110,000,000	70,000,000	-40,000,000
Laos.....	40,000,000	55,200,000	45,000,000	-10,200,000
Regional programs.....	2,000,000	3,400,000	3,750,000	-5,650,000
AID support costs ²	13,000,000	18,700,000	11,250,000	-7,450,000
Total.....	549,000,000	\$943,300,000	550,000,000	-\$393,300,000

¹ Includes a \$50,000,000 development loan.

² The pro rata share of AID's worldwide technical and administrative activities which support the Indochina program. Separate in-country AID support costs are included in the country amounts.

³ Includes \$3,500,000 in reimbursements and recoveries.

Section 23. Assistance to South Vietnamese Children

This section insures that \$10,000,000 will be available for assistance to child care programs in South Vietnam in fiscal year 1975, a \$5,000,000 increase in the earmarking for that purpose from the fiscal year 1974 requirement. Funds for the child care program can be derived from a combination of funds made available through the authorization in this bill and local currencies. The Committee has approved a specific line item of \$8,200,000 for child care programs. Thus, an additional \$1,800,000 must be made available in local currencies.

One of the most tragic results of the Indochina war is the plight of millions of disadvantaged children left in its wake. The orphaned, the maimed, and the homeless are continuing victims of the violence in Indochina.

The Committee has noted the affirmative response of AID to the Congressional mandate of last year.

Section 24. Limitations With Respect to South Vietnam

Section 24 contains limitations relative to South Vietnam which will be added as a new section 806 to the Foreign Assistance Act.

The new subsection (a) of 806 establishes a ceiling of \$1,280,000,000 on amounts that may be obligated in fiscal year 1975 for the purpose

of providing economic or military assistance to South Vietnam. Under that ceiling up to \$700,000,000 can be for military assistance, \$160,000,000 for Public Law 480 commodity assistance, and \$420,000,000 for economic assistance as specified in the bill.

COMPARATIVE DATA ON THE CEILINGS FOR SOUTH VIETNAM
(In millions of dollars)

	Estimate, fiscal year 1974	Executive branch proposal, fiscal year 1975	Committee recommendation for fiscal year 1975
South Vietnam:			
1. Military assistance (MASF) ¹	864.5	1,485.0	700.0
2. General economic assistance (IGR)	2349.0	750.0	420.0
3. AID loan	50.0		
4. Public Law 480	304.7	160.6	160.0
Total, South Vietnam	1,568.2	2,395.6	1,280.0

¹ New obligational authority and excess defense articles.

² Includes supplemental appropriation of \$49,000,000.

Similar ceilings have been enacted in the past for Laos and Cambodia. They were generally effective in both instances. Whereas actual U.S. expenditures in Laos had consistently been almost twice what had been previously reported to Congress before the ceiling was imposed, thereafter spending stayed substantially within the limits prescribed. The ceiling was effective in Cambodia but it was allowed to lapse in fiscal year 1974. The Executive Branch subsequently grossly exceeded the overall amounts projected at the beginning of the year for all categories of aid to Cambodia. Public Law 480 deliveries escalated, for example, from a \$30 million projection to \$194 million. For military assistance, the Administration originally requested \$167,200,000. A total of \$399,300,000 was ultimately used for that purpose, including \$250,000,000 in materials taken from Defense Department stocks.

In Vietnam, the accounting under the Military Assistance Service funded (MASF) program is now acknowledged to have been inaccurate over the years. No one really knows how much was spent in Vietnam for military support between 1966 and 1973. When this fact came to light, the Senate Committee on Armed Services acted decisively to correct the many loopholes in the management and accounting for this program. The inclusion of military aid in the ceiling for South Vietnam is intended to complement the actions taken by the House of Representatives and the Senate on the Department of Defense Appropriation Bill.

Paragraph (3) of 806(a) provides authorizations by major categories and by program or project under each of those categories. This provision and the specific authorizations for Cambodia and Laos were initiated by Senator Case.

The Committee has approved four major programs for economic assistance to South Vietnam. These are: (A) Humanitarian Assistance; (B) Agricultural Assistance; (C) Industrial Development Aid and (D) Miscellaneous which includes funds for purchase of petroleum and for support of the USAID mission in Vietnam.

Each of these four categories is complete in itself. No transfer of funds between these four general categories is permitted except that petroleum procured in Part D of the authorization may be used for the support of any of the other three major programs. Transfers within any of the subcategories of the four major categories of a reasonable kind of response to changing circumstances are permitted provided timely notice is given to Congress before any transfer is carried forward.

Under an amendment, also initiated by Senator Case, approved by the Committee, funds available for military assistance to Indochina may be transferred for humanitarian relief and economic development programs within each country, on a country-by-country basis. Transfers cannot be made from one country to another. This discretionary feature of the bill should assist further the development of humanitarian assistance programs the Committee deems crucial for Vietnam.

The most crucial of the programs approved for Vietnam is that for humanitarian relief, for which the Committee has allocated \$95,000,000. The Committee hopes that a concerted effort will be made to prevent the use of United States funds for the support of so-called refugee activities which have direct political or military objectives. One way in which this can be done is to begin to provide more United States support to voluntary and international agencies working in the refugee field. This is largely a local cost program and the Committee seeks to insure that both dollars and the piasters which they generate are used for the intended purpose.

Assistance in agricultural production is the next most valid need in South Vietnam. The Committee has recommended that \$188,000,000 be used for this purpose. The Committee is of the view that AID should move away from placing further emphasis on capital intensive agriculture.

Additional data concerning the Committee's recommendations follows:

I. Humanitarian assistance

A. AID recommended budget:	<i>Millions</i>
Refugee relief and resettlement.....	\$86.5
Child care.....	8.2
Health care.....	10.3
City to farm program.....	30.0
Total AID recommendations.....	135.0
B. Committee authorization:	
Refugee relief and resettlement.....	66.5
Child care.....	8.2
Health care.....	10.3
City to farm program.....	10.0
Total authorization.....	95.0

The Committee approved the full requests made for child care and health care. Child care funds should be targeted to help provide immediate necessities such as food stuffs and training supplies. Moreover, every effort should be made to bring child care concepts to foster homes which are in dire need of upgrading. Every effort should also be made to find ways to make child care centers self-sufficient if possible.

Urban squalor, both in Saigon and other urban centers, is a result of years of war. Hundreds of thousands of refugees try to make a living as best they can under the circumstances. While this was possible when large numbers of American soldiers and support personnel were in Vietnam, it is far more difficult today. Soaring inflation and a depressed economy and the continuing war make the urban poor a very real threat to the regime. If it is possible to work out a land acquisition program to relocate many formerly agrarian people, such an effort should be supported. However the prospects for a rapid transfer of poor urban families to the countryside seems dim. Consequently, only part of the request for the "City to Farm" program is approved in this recommended budget.

The problem faced by the South Vietnamese government concerning refugees and the urban masses was summarized in this way in a recent report by the Committee staff:

"The refugees and urban unemployed present a real dilemma to the Vietnamese government. If the people remain in the camps and cities, they present a political problem as well as a further welfare burden on an already over-extended national budget. Moving them to rural areas, as proposed, would shift the economic support burden from the national budget to the people themselves and to the natural resources of the land—presuming land is available. However, the transfer of people out of camps and the cities creates a population control problem by exposing them to contact with the Viet Cong. The compromise between military control and economic survival is the placement of war victims on previously uncultivated land in government controlled or marginally controlled areas. But these new lands require large amounts of capital investment for roads and land clearing to make them accessible and arable. The losers are the war victims themselves who see destined to suffer no matter where they are."

II. Agricultural assistance

A. AID recommended budget:	Millions
Fertilizer, POL, and pesticides.....	\$185
Rural credit.....	60
Canal dredging.....	10
Low lift pumps.....	4
Fish farm development.....	4
Salt water intrusion.....	11
Total AID recommendations.....	274
B. Committee authorization:	
Fertilizer, POL, and pesticides.....	150
Rural credit.....	20
Canal dredging.....	10
Low lift pumps.....	4
Fish farm development.....	4
Total authorization.....	188

The Republic of Vietnam has the capacity to become self-sufficient in essential foodstuffs and, even with its increased population, a major exporter of food products and forestry products such as raw and fin-

ished lumber. But radical change will be needed for this to come about. A significant problem is the continuation of the war which makes the development of the forestry and rubber industries virtually impossible. The war also diminished the amount of available crop growing land—especially rice areas—and interrupted the food distribution system.

Even in light of these conditions progress has been made in expanding food production, especially rice, through the introduction of hybrid rice plants which require fertilizer and pesticides for growth. The United States should encourage South Vietnam to continue to work toward self-sufficiency in food production.

Less funds than were requested are being made available for the purchase of fertilizer, POL, and insecticides as an inducement to the Government of South Vietnam to work toward converting the currently subsidized agricultural system to a self-sufficient system.

III. Industrial development

A. AID recommended budget:	Millions
Commodities for industrial production.....	\$155.0
Industrial credit.....	40.0
Industrial park.....	5.0
Urea plant.....	80.0
Export processing zone.....	5.0
Highway construction.....	3.4
Development planning.....	.6
Total AID recommendations.....	289.0
B. Committee authorization:	
Commodities for industrial development.....	85.0
Industrial credit.....	10.0
Development planning.....	.6
Total authorization.....	95.6

The Committee has made substantial reductions in the industrial development category. In the Committee's view, humanitarian and agricultural needs are the most important to the Vietnamese and industrial development is of far less significance when it comes to deciding how to divide the limited funds available.

IV. Miscellaneous

Transportation	\$30
Support of AID mission.....	11.4

The last category is assistance to help provide fuel and other commodity support to Vietnam's transportation system and to pay for the costs of AID's administrative and technical activities which are not directly chargeable to a specific project.

Implementation of Ceiling

The new subsections (c), (d) and (e) contain further specifics concerning the ceiling imposed on spending for South Vietnam.

New subsection (c) provides that in computing the limitations on obligation authority under subsection (a) with respect to any fiscal year, there shall be included in the computation the value of any

goods, supplies, materials, equipment services, personnel or advisers provided to, for, or on behalf of South Vietnam in the fiscal year by gift, donation, loan, lease or otherwise. For the purpose of the subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of South Vietnam but in no case less than 33 1/3 per centum of the amount the United States paid at the time the goods, supplies, materials, or equipment were acquired by the United States.

New subsection (d) provides that no funds may be obligated for any of the purposes described in subsection (a) in, to, for, or on behalf of South Vietnam in any fiscal year beginning after June 30, 1975, unless the funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any purpose during the fiscal year.

New subsection (e) states that after the date of enactment of the section, whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of South Vietnam for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which the funds are to be used in the fiscal year.

New subsection (f) requires the President to submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, for, or on behalf of South Vietnam during the preceding quarter by the United States Government and specifies that it shall include a general breakdown of the total amount obligated, describing the different purposes for which the funds were obligated and the total amount obligated for each purpose.

New Subsection (g) Limitations on U.S. Personnel in Vietnam.— subsection (g) establishes ceilings on the number of Americans and enactment of this bill. This ceiling applies to both direct hire and personnel employed by government contractors. Further reductions in the ceilings are to become effective twelve months thereafter. Within the ceiling on American personnel a subceiling is imposed on the number of members of the U.S. armed services and all direct hire and contractor personnel of the Department of Defense. The intent of the Committee is that these limitations shall apply to both permanently authorized and so-called temporary duty personnel.

The ceilings are as follows:

	Overall	DOD personnel	3d country nationals
As of 6 months from enactment.....	4,000	2,500	800
As of 12 months from enactment.....	3,000	1,500	500

Of the 5,200 total personnel who were in South Vietnam as of May 1974 some 3,650 were military or DOD; of these approximately

850 were civilian direct hire DOD employees, 2,600 were DOD contractors and 200 were uniformed military (50 attaches and 150 Marine guards). The Committee was informed a year ago that by January 1974, *all* DOD direct hire personnel and all but 2,000 contractors would be phased out. It was further assured that "very soon thereafter" contractor personnel would number only 500. As indicated, these pledges have not been met. The principal reason for this is that U.S. personnel are continuing to provide substantial direct maintenance and operational support to the Vietnamese armed forces. By this time, the contractors were to have trained South Vietnamese to take over their jobs but this has not occurred. Imposition of these ceilings should stimulate the turnover to the Vietnamese of jobs that are now being performed by U.S. contractors.

The progressively declining ceiling for U.S. supported third country national personnel is also intended to foster South Vietnamese self-sufficiency. Unless the so-called "TCN's" are controlled, departing Americans will simply be replaced with other foreigners. Given the skill and resourcefulness of the South Vietnamese and their long exposure to American training and example, there is no justification for continuing this practice.

New subsection (h) states that nothing in the new section shall be construed as a commitment by the United States to defend South Vietnam.

Section 25. Limitations With Respect to Cambodia

Section 25 would add a new section 807 to the Act providing for limitations with respect to Cambodia.

The new subsection (a) would set a ceiling of \$347,000,000 in fiscal year 1975 on obligations for the purpose of providing economic or military assistance to Cambodia. It further specifies categories of assistance within the overall ceiling as follows: military assistance \$200,000,000; Public Law 480 commodity assistance \$77,000,000; and economic assistance \$70,000,000.

COMPARATIVE DATA CONCERNING THE CEILING FOR CAMBODIA
[In millions of dollars]

	Estimate, fiscal year 1974	Executive branch request, fiscal year 1975	Committee recom- mendation fiscal year 1975
Cambodia:			
Military assistance ¹	\$ 399.3	391.3	200.0
General economic assistance (IFR).....	95.0	110.0	70.0
Public Law 480.....	194.2	77.0	77.0
Total, Cambodia.....	688.5	578.3	347.0

¹ Includes supply operations and excess defense articles.

² Includes \$250,000,000 in Department of Defense stocks.

The Committee has specified four areas of approved programming for use of the \$70,000,000 in economic assistance recommended for Cambodia. These are humanitarian, commodity imports, multilateral stabilization and technical support. Clearly the most urgent of these

is humanitarian relief for which the Committee has allocated \$20 million. Unfortunately, both the Executive Branch and the Cambodian Government have been slow to respond to the humanitarian needs of the Cambodian people. At present almost all relief work in Cambodia is being carried out by voluntary agencies. The Committee strongly approves of this means of providing relief and will expect the Agency for International Development to provide the maximum possible support to such agencies, including the International Committee of the Red Cross, from the funds authorized. In this connection, the Committee has written into the bill a provision which exempts voluntary agency personnel from the ceilings on American and third-country national personnel.

The Committee has reduced the commodity import authorization for Cambodia from \$71 million to \$31 million. Even the most casual observer in Phnom Penh is keenly aware that, while the mass of the Cambodian population is suffering intensely from the war, Cambodian government officials and businessmen are enjoying an improved standard of living—which can only have come from one source—the U.S. taxpayer. Cambodia is perhaps the outstanding example of the failure of the “trickle-down” principle on which U.S. aid to Indochina appears to be predicated.

ECONOMIC ASSISTANCE CATEGORIES, CAMBODIA
(In millions of dollars)

	Executive Branch proposal	Committee recom- mendation
Humanitarian.....	20.0	20.0
Commodity import.....	71.0	31.0
Multilateral stabilization.....	17.5	17.5
Technical support and participant training.....	1.5	1.5
Total.....	110.0	70.0

The new subsection (b) prohibits the transfer of economic assistance or Public Law 480 funds for use for military aid purposes and also prohibits transfers within the four categories of economic assistance.

The new subsections (c), (d), (e) and (f) relate to the implementation of this ceiling on obligations for Cambodia requirements identical to those explained in the analysis of the new section 806.

The new subsection (g) reduces the current ceiling on U.S. personnel in Cambodia from 200 to 175 and on U.S. financed third-country national personnel from 85 to 75. It would exempt personnel of voluntary relief agencies in Cambodia from the ceiling. Language is included to make it clear that the ceiling on U.S. personnel includes contract personnel.

The reductions contained in subsection (g) are designed to reduce our official involvement in Cambodia and to begin the process of eliminating Cambodian dependence on the United States. They parallel the Committee's action in reducing the level of U.S. military expenditures in Cambodia. In the event the war is still going on in Cambodia

next year the Committee expects to lower the personnel ceilings still further in FY 1976.

While it would appear that the Embassy in Phnom Penh has made an effort—not always successful—to remain within the letter of the personnel restrictions, it is evident that American personnel have become increasingly involved in a vast range of support and advisory efforts, generally *not* including tactical military advice, designed to compensate for the inadequacy of the Cambodian Government. This expansion of the American role in Cambodia is contrary to the intent of the original Congressional personnel restriction. The Committee believes that by limiting the number of Americans in Cambodia the degree of American involvement in Cambodian affairs can be more effectively controlled and, thus limits can be put on Cambodia's dependence upon the U.S. Government. It is now evident that the Committee underestimated the energy and resourcefulness of 200 Executive Branch representatives in Phnom Penh.

While reducing the level of U.S. personnel in Cambodia, particularly the military, the Committee also adopted an amendment offered by Senators Case, Symington, and Humphrey, designed to encourage expansion of private relief activities in Cambodia. At present these are being carried out almost exclusively by American voluntary non-profit organizations and by the International Committee of the Red Cross. The Committee has been informed that these organizations are willing to expand their operations in order to meet the increasing humanitarian needs of the Cambodian people. In order to do so, however, the relief organizations need U.S. funds to support their personnel since they have now reached the limit of their own resources. To date, AID has been unwilling to provide personnel support funds to the relief agencies since, if it did so, the personnel supported would be subject to the personnel ceilings. The Committee questions the appropriateness of the Embassy's decision to give priority in its personnel allocation to military personnel, who now account for 124 of the authorized total of 200, rather than to increasing the number working on relief programs.

The new subsection (h) carries over the provision from subsection 655 (g) which states that the section shall not be construed as a commitment by the United States to defend Cambodia.

Subsection (b) of section 25 repeals sections 655 and 656 of the Foreign Assistance Act since they will become obsolete upon the enactment of this act.

Section 26. Limitations With Respect to Laos

Section 26 will enact a new section 808 to the Foreign Assistance Act of 1961 which will establish a ceiling on and specify the distribution of United States assistance to Laos for fiscal year 1975. Subsection (a) of the new section 808 imposes a ceiling of \$100,000,000 on obligations for the purpose of providing military and economic assistance to Laos in fiscal year 1975. Under the ceiling, \$55,000,000 is allowed for military assistance and \$45,000,000 is allowed for economic assistance, which is allocated into four categories. The table below provides comparative data on assistance for Laos.

ASSISTANCE TO LAOS
[In millions of dollars]

	Estimate, fiscal year 1974	Executive branch request, fiscal year 1975	Committee recommendation, fiscal year 1975
Laos:			
Military assistance.....	12 81.0	3 90.9	2 55.0
General economic assistance (IPR).....	40.6	55.2	45.0
Public Law 480.....	3.6	.3	
Total, Laos.....	125.2	146.4	100.0

¹ New obligational authority and excess defense articles.

² Military assistance service funded.

³ Includes supply operations and excess defense articles.

Four categories of assistance authorized for Laos are: humanitarian; reconstruction and development; stabilization; and technical support. For these categories the Committee recommends the following:

ECONOMIC ASSISTANCE CATEGORIES, LOSS

	Executive branch request	Committee recommendation
1. Humanitarian.....	\$15,300,000	\$13,000,000
2. Reconstruction and development.....	22,400,000	9,900,000
3. Stabilization.....	17,500,000	17,500,000
4. Technical support.....	(6,300,000)	4,600,000
Total.....	\$55,200,000	\$45,000,000

The Committee has not reduced the Lao program in proportion to other Indochina programs. Laos alone among the Indochina states has reached a political settlement and the Lao people deserve encouragement and assistance in making their government work. The amount approved reflects the limit of what they can effectively absorb. It will not be sufficient, however, to sustain Vientiane society in the manner to which it became accustomed in the days of the massive American presence. The reduction made in the Lao program came primarily out of "reconstruction" where AID requested \$11 million to build two dikes, neither of which required any dollar inputs. The AID request for dollars for this purpose appeared to be but an effort to obtain additional free foreign exchange for Laos from the Congress.

United States policy in Laos is designed to facilitate the establishment of peace and national reconciliation. To this end, United States assistance must operate within the terms of the agreements on a ceasefire and a coalition government signed by the Laotian parties in February and September, 1973. Since that latter agreement establishes a Provisional Government of National Union, American aid should be channeled to the extent possible through that government. Also, insofar as is possible, U.S. programs for humanitarian assistance, reconstruction, and development should be available to all areas of Laos and should be directed wherever the need is greatest and the assistance desired.

The new subsection (b) prohibits transfer of economic assistance funds authorized for Laos for use as military assistance. Military assistance funds may be transferred to and used in the economic assistance categories in accordance with the new section 809. There shall be no transfers of funds between the four economic assistance categories.

The new subsection (c) through (f) relate to implementation of this ceiling for Laos, and are identical to those explained in the analysis of section 806.

The new subsection (g) states that the new section shall not be construed as a commitment by the United States to defend Laos.

Section 27. Transfer of Funds

Section 27 adds a new section 809 to the Foreign Assistance Act.

Subsection (a) prohibits use of the transfer authority of section 610 of the Act to add to, or take away from, the funds appropriated for assistance to South Vietnam, Cambodia, or Laos.

Subsection (b), initiated by Senator Case, provides that any funds made available for military assistance for South Vietnam, Laos, or Cambodia may be used for war relief, reconstruction, or general economic development purposes.

Section 28. Assistance to Nations in the Middle East

This section contains authorizations for allocations of assistance to nations in the Middle East. Although, with the exception of the proposed authorization for the Middle East Special Requirements Fund, the funds involved here are actually authorized in other provisions of the bill, these specific allocations for the Middle East emphasize the importance attached to these programs by the Committee and Executive Branch officials as a means of promoting peace and stability in the region. In testimony on this bill Secretary Kissinger stated:

America has a vital stake in a lasting Mid-East settlement. Our traditional concern for the security of Israel, our transformed relations with the Arab states, the danger of great power confrontation which chronic Arab-Israeli conflict creates, and the necessity for a cooperative approach to the energy problem—all demonstrate the American interest. We are asking Congress for sufficient resources to make it possible for us to play a constructive role.

* * * * *

The program we propose would provide Israel with the assistance needed to maintain its own security, strengthening its resolve to persevere in the negotiations assured of its own strength and our support.

It would give tangible expression to our new and fruitful relations with various Arab countries and encourage those seriously prepared to work for peace.

* * * * *

In short, we have both opportunity and responsibility in the Middle East. Opportunity to reach the goal of the negotiated peace that is so vital to world peace and that has so long eluded us. Responsibility to assist those countries in the area which have accepted that goal and which need our help in reaching it. We hope that you will be able to act swiftly on these proposals, both to signal the support of the U.S. Congress for our policies in the Middle East and to enable us to act rapidly with funding.

The Executive Branch proposed a total of \$907,500,000 in allocations for the Middle East, \$807,500,000 in allocations by country and

\$100,000,000 for a Middle East Special Requirements Fund. The proposed allocations by country were as follows: (1) Israel—\$50,000,000 in economic aid and \$300,000,000 in military credit sales; (2) Egypt—\$250,000,000 in economic aid; (3) Jordan—\$100,000,000 in military grant aid, \$30,000,000 in military credits and \$77,500,000 in economic aid.

The economic assistance proposed by the Executive Branch is to be used as follows, according to the data presented to the Committee:

ECONOMIC ASSISTANCE, PROGRAM SUMMARY
[In thousands of dollars]

	Fiscal year—		
	1973 actual	1974 estimated	1975 proposed
Egypt:			
Security supporting assistance.....		8,000	250,000
Suez Canal.....		8,000	20,000
Reconstruction/development.....			150,000
Commodity imports.....			80,000
Israel: Commodity imports.....	50,000	50,000	50,000
Jordan: Security supporting assistance.....	50,000	55,000	77,500

With one exception, the Committee has approved the country allocations of economic assistance requested. The Committee approved an additional \$200,000,000 in economic assistance for Israel above the amount requested. The Committee believes that Israel's serious economic situation justifies this additional assistance. This action will result in bringing the level of economic aid for Israel up to that recommended for Egypt.

Total foreign assistance proposed by the Executive Branch for the Middle East, as modified by the Committee's action relative to Israel, is shown on the table below:

FISCAL YEAR 1975 ASSISTANCE PROPOSALS FOR THE MIDDLE EAST
[In thousands of dollars]

	Total	Supporting assistance	Develop- ment assistance	Public Law 480	MAP	FMS	Excess defense articles
Egypt.....	253,144	250,000		3,144			
Israel.....	550,000	250,000		(1)		* 300,000	
Jordan.....	243,452	77,500	675	10,277	100,000	30,000	25,000
Middle East special re- quirements fund.....	100,000						
Total.....	1,146,596	577,500	675	41,632	100,000	330,000	25,000

¹ Under review.

² \$100,000,000 of this amount is to be in credits which will be forgiven.

Section 28 adds a new Part VI to the Foreign Assistance Act, consisting of three sections as follows:

New Section 901. General Authority for Assistance in the Middle East

Section 901 authorizes the President to furnish assistance under the Act and credits and guaranties under the Foreign Military Sales Act to nations in the Middle East. Such assistance, credits and guaranties are to be provided within the framework of existing law. No additional or special authority is provided by this section for Middle East programs.

New Section 902. Allocations

Section 902 indicates the levels of military assistance and security supporting assistance authorizations intended for Middle East programs. The \$100,000,000 for military assistance grants is for Jordan while the \$577,500,000 in supporting assistance is for Israel, Jordan and Egypt. The \$330,000,000 in foreign military credit sales is for Israel and Jordan. This section does not authorize appropriations in addition to the amounts contained in the bill for regular authorizations for military assistance, security supporting assistance, and the credit sales program.

New Section 903. Special Requirements Fund

Section 903 authorizes appropriations for a Special Requirements Fund of \$100,000,000 for fiscal year 1975 to be used to meet needs for economic assistance to nations in the Middle East which cannot be foreseen at this time. The Committee has prohibited use of these funds for military assistance. This is, in effect, a contingency fund for economic aid to the Middle East. Administration officials have stated that it is possible that some of this money will be furnished to Syria.

The Committee amended the Executive Branch request to insure a greater congressional voice in how this fund is used. In recent years the Committee has been active in taking away some of the vast discretionary powers that Congress in the past has given to the President. In view of the sensitive situation that exists in the Middle East, the Committee is of the view that Congress should be told in advance by the President how he proposes to use these funds, and each body allowed a period of 30 days within which it could, by passage of a resolution, disapprove the proposal. The provision adopted by the Committee is comparable to the statutory provisions for Congressional disapproval of government reorganization plans.

Subsection (b) repeals section 620(p) of the Foreign Assistance Act which prohibits aid to Egypt without a finding by the President that such assistance "is essential to the national interest." Such a finding would be redundant in view of the fact that this bill is intended to authorize assistance for Egypt.

Section 29. Foreign Military Sales Act Amendments

Section 29 amends the Foreign Military Sales Act in a number of respects.

Paragraph (1)—Conditions of Eligibility.—This paragraph clarifies an ambiguous provision in section 3(d) of the FMSA regarding the ineligibility for further sales, credits and guaranties of countries that violate foreign military sales agreements. It makes clear that corrective action by a country that has violated an applicable agreement can restore its eligibility for sales, credits and guaranties not only of sophisticated weapons, but of other defense articles and defense services as well.

Paragraph (2)—Emphasis on Commercial Channels for Arms Sales.—Paragraph (2) amends section 22 of the Foreign Military Sales Act to prohibit sales of defense articles to a developed country if the article is available through commercial sources in the United States.

This provision is similar to a provision in the foreign aid bill passed by the Senate last year which was deleted in conference. Its purpose is

to implement a policy declaration, also initiated in the Committee, designed to minimize the government's role in arms sales to foreign countries. That policy statement adopted by Congress last year, is now contained in the last paragraph of Section 1 of the Foreign Military Sales Act:

In order to reduce the role of the United States Government in the furnishing of defense articles and defense services to foreign countries and international organizations, and return such transactions to commercial channels the United States Government shall reduce its sales, credit sales, and guaranties of such articles, and defense services as soon as, and to the maximum extent, practicable.

The basic objective of this provision is to get the United States Government out of the arms sales business and return these transactions to commercial channels. Government policy controls would then be exercised primarily through export licensing procedures. There is no evidence that the Executive Branch has taken any action to implement the policy approved by Congress last year.

Members of the Committee feel very strongly that United States policies should be geared to restricting, not expanding, the world arms trade. The United States Government is far and away the world's leading arms merchant. Out of one side of the government's mouth come pious calls for action to reduce the world's arms burden. And out of the other side comes an arms sales pitch to nations around the globe. The Committee hopes that the provision recommended will be a significant step toward ending this hypocritical situation and will help to insure that we, as a government, practice what we preach.

The Committee notes with interest the following statement by the Senate Appropriations Committee in its report on the Department of Defense Appropriation Bill (S. Rept. 93-1104):

"SALES OF MILITARY EQUIPMENT TO FOREIGN GOVERNMENTS

"This Committee views with concern the dramatic increase in cash sales of U.S. military equipment to foreign governments. Actual cash sales of \$5.9 billion during fiscal year 1974 far exceeded the original DOD estimate of \$3.9 billion. Cash sales over the past decade have totaled \$19.1 billion—of which \$9.5 billion was negotiated during the past two years.

"The political and economic impact of foreign military sales on the United States and recipient foreign countries is immeasurable. Of more direct interest to this Committee, however, is the real and potential impact that the sale of military equipment has on the security interests and objectives of this Nation and on defense expenditures.

"The recent sale of 80 F-14 fighter aircraft to Iran could considerably reduce combat capability of the U.S. Armed Forces. These aircraft, the most sophisticated fighter aircraft available, will be delivered to Iran prior to the planned U.S. Navy F-14 force being fully equipped.

"The Committee is particularly concerned that long term security interests of the United States might be jeopardized by large cash sales of sophisticated weapons systems in areas of potential conflict."

The following table shows the extent to which the government is directly involved in arms sales to foreign countries:

U.S. GOVERNMENT MILITARY SALES UNDER THE FOREIGN MILITARY SALES ACT
 [In thousands of dollars]

Categories	Fiscal Year—											
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
FMS credit sales.....	75,000	110,386	317,006	323,243	262,885	281,160	70,000	743,412	550,000	550,000	3,283,092	2,912,664
FMS cash sales.....	1,246,582	1,087,390	1,420,501	748,132	739,089	1,107,415	825,172	1,228,663	2,711,397	3,487,738	14,612,079	7,223,000
												872,500
												3,347,200

The Committee recognizes that many sales of military equipment to foreign governments involve components which are controlled by the United States government and, without government approval for sale of the component, the entire end item would not normally be available through commercial channels. The Committee does not believe that the fact of government control over components of an item to be sold to a foreign country should stand in the way of a sale being handled through commercial channels, as long as there are no objections to the sale from the standpoint of United States foreign policy or security interests. Similarly, the fact that an item to be sold is produced in a government owned plant or with government owned equipment leased to a commercial producer, should not serve as an obstacle to use of commercial sales channels as long as the United States is fully reimbursed for use of the government facilities. The Committee assumes that the government will take whatever action is necessary to protect its interests. But those interests do not extend to promoting the sale of arms for competitive purposes.

The Committee's intent is to insure that government officials, when weighing proposed arms sales to foreign countries, have uppermost in their thinking the foreign policy interests of the United States and not that of selling more United States military equipment. If the government is a disinterested party in the promotional aspects of arms sales, officials can then bring a clearer, more reflective foreign policy judgment to bear in deciding whether to grant an export license.

The Committee has not attempted to define "economically developed country." However, it is the Committee's intent that Israel not be considered an "economically developed country" for purposes of this provision.

Paragraphs (3) and (5) Minimum Interest Rates And Maximum Term for Guarantees.—Paragraph (3) amends section 23 of the Foreign Military Sales Act to establish a statutory minimum interest rate for credits extended to foreign countries under that Act. Under existing law, no interest rate is specified although the general practice has been to charge the same rate as the interest paid on current government borrowings. However, concessional interest rates have been allowed in some cases, primarily to meet foreign competition. This provision sets the minimum rate at that which the government currently pays on outstanding marketable obligations of comparable maturity.

Paragraph (5) amends section 24 of the Act to establish a maximum period of ten years for government guarantees of credit extended by private sources to foreign countries for financing military sales under the Foreign Military Sales Act. Under existing law the maximum term for direct government credit is ten years. This provision will apply that limit to the guaranty program.

The minimum interest rate and the maximum guaranty period requirements could be waived by the President if he certifies to the Congress that it is in the national interest to allow a concessional interest

rate or to issue a guaranty for a period longer than ten years. The Committee expects that this waiver authority will be used very sparingly and only in *extraordinary* circumstances. Under no circumstances is the waiver to be used to allow a concessional interest rate or a guaranty term longer than ten years for the purpose of meeting foreign arms sales competition. Concessional interest rates on credit sales to current grant aid recipients are authorized elsewhere in this bill as an element in the three year phaseout of military grant assistance.

Paragraph (4) Federal Financing Bank.—This paragraph amends section 24(a) and Section 24(b) of the Foreign Military Sales Act (FMSA) by authorizing foreign military sales guaranties to be issued to the Federal Financing Bank, which was established by the Federal Financing Bank Act of 1973, Public Law 93-224, approved on December 29, 1973 (87 Stat. 937), and by authorizing the sale to the Bank of promissory notes issued by borrowers pursuant to direct foreign military sales credits. The Federal Financing Bank is an instrumentality of the United States Government and, as such, is subject to the parenthetical clause in subsections (a) and (b), although section 6 of the Federal Financing Bank Act of 1973 authorizes the Bank to purchase any obligation sold, or guaranteed by a Federal agency. Purchases by the Bank under section 6 are required to be upon such terms and conditions as to yield a return at a rate not less than a rate equivalent to cost of money to the U.S. Government (or, whenever the Bank's own obligations outstanding are sufficient, to cost of money to the Bank), and the Bank is also authorized to charge a normal commitment fee in connection with such purchase. Any guaranty transactions with the Bank under the FMSA will be subject to the same reserve requirements under section 24(c) and controlled by the same aggregate ceiling under section 31(b) as guaranty transactions with private U.S. lenders will continue to be.

Paragraph (6)—Authorization of Appropriations and Ceiling for Credit Sales.—This paragraph amends section 31 of the Foreign Military Sales Act to authorize \$455,000,000 for fiscal year 1975 to carry out the purposes of the FMSA and establishes a ceiling of \$872,500,000 for fiscal year 1975 on the aggregate of credits and the principle amount of loans guaranteed.

The bill earmarks \$300,000,000 of the credit sales ceiling for Israel. \$100,000,000 of the credits extended to Israel shall be forgiven. It is also the Committee's intention that the entire \$300,000,000 intended for Israel should be given first priority in the commitment of appropriations made available pursuant to this authorization.

The Committee has approved the full ceiling requested as an element in implementing its decision to reduce funds for grant military assistance and phase out the grant program over a three-year period.

The credit sales program proposed by the Executive Branch is shown in the following table:

FOREIGN MILITARY SALES CREDIT PROGRAM

[Value in thousands of dollars]

Countries	1973	Fiscal year— Estimated 1974	Proposed 1975
East Asia and Pacific:			
China (Taiwan).....	45,200	60,000	80,000
Korea.....	24,200	25,000	52,000
Malaysia.....	10,000	19,000	10,000
Philippines.....		3,000	5,000
Thailand.....		15,000	
Regional total.....	79,400	122,000	147,000
Near East and South Asia:			
Greece.....	58,000	60,000	71,000
Israel.....	307,500	1,982,664	300,000
Jordan.....			30,000
Lebanon.....	10,000	5,000	10,000
Turkey.....	20,000	75,000	90,000
Regional total.....	395,500	1,122,664	501,000
Africa:			
Ethiopia.....		5,000	5,000
Liberia.....			500
Morocco.....	9,800	12,000	14,000
Tunisia.....		2,500	1,500
Zaire.....	6,277	3,500	3,500
Regional total.....	16,027	23,000	24,500
Latin America:			
Argentina.....	11,500	22,500	30,000
Bolivia.....		4,000	3,000
Brazil.....	15,000	51,000	60,000
Chile.....	12,400	15,000	20,500
Colombia.....	10,000	15,000	17,000
Dominican Republic.....			500
Ecuador.....			12,500
El Salvador.....		500	3,500
Guatemala.....	2,600	2,000	1,000
Honduras.....		500	3,500
Mexico.....		2,500	5,000
Nicaragua.....			3,000
Paraguay.....			500
Peru.....		15,000	20,500
Uruguay.....		2,000	2,500
Venezuela.....	7,572	15,000	17,000
Regional total.....	59,072	145,000	200,000
Worldwide total (TOA).....	549,999	1,412,664	872,500

¹ Includes both \$300,000,000 originally appropriated for FMS credit in fiscal year 1974 and \$682,664,000 in credits made available for Israel by fiscal year 1974 emergency security assistance legislation. \$1,500,000,000 in grants was also provided to Israel under that act in fiscal year 1974.

Section 30. Annual Report on Political Prisoners

This section amends section 32 of the Foreign Assistance Act of 1973 to require the President to report to Congress annually on the implementation of that section which reads as follows:

It is the sense of Congress that the President should deny any economic or military assistance to the government of any foreign country which practices the internment or imprisonment of that country's citizens for political purposes.

Section 31. Authorization for the Gorgas Memorial Institute

This section, sponsored by Senator McGee, amends the statute authorizing an annual appropriation which is used for maintenance

and operation of the Gorgas Memorial Institute of Tropical and Preventive Medicine in the Republic of Panama. It increases the maximum annual U.S. contribution from \$500,000 to \$1,000,000.

Gorgas Memorial Institute has operated since its inception as a technical institution committed to conduct research in the biomedical sciences on diseases of the tropics. Its objectives are to help prevent disability, defect, and death from exotic diseases. The laboratory, strategically located in Panama where the natural biocommunication route between North and South America forms, has been likened to a southern disease early warning system for the United States.

Throughout the years, Congress has reaffirmed its support of the Gorgas operation by increasing the U.S. contributions and providing funds for the construction of one of the research facilities now in use. This has been accomplished through five amendments to the original act, the most recent in 1965, setting a ceiling of "not to exceed \$500,000" as the permanent annual congressional authorization. The basic U.S. contribution has thus remained at the same level for the past 8 years.

The Committee believes that an increase to \$1,000,000 is justified.

Section 32. Authorization for Contributions to the International Commission of Control and Supervision in Vietnam

This section authorizes the appropriation of a total of \$27,726,000 to help meet the expenses of the International Commission of Control and Supervision in Vietnam. Of that, \$16,526,000 is for contributions in fiscal year 1975 and \$11,200,000 is to reimburse the Agency for International Development for amounts expended by it in fiscal year 1974 to help meet expenses of the ICCS in that year.

The following letter from the Deputy Secretary of State explains the background and justification for this request.

THE DEPUTY SECRETARY OF STATE,
Washington, August 6, 1974.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate.

DEAR MR. CHAIRMAN: The Senate Foreign Relations Committee received for consideration on June 3 S-3562, authorizing funds for U.S. contributions to the International Commission for Control and Supervision (ICCS) in Viet-Nam.

The ICCS is an essential part of the peace structure set up by the Paris Agreement of January 27, 1973. The Commission has a number of positive achievements to its credit. The presence of several hundred foreign personnel in South Viet-Nam, charged with overseeing the cease-fire, has contributed to lowering the violence over the past eighteen months. Their continued presence helps deter the renewal of all-out warfare. Despite obvious problems of implementation we continue to believe that the Paris Agreement, of which the ICCS is an essential component, can help bring Viet-Nam closer to a lasting peace.

The Commission now faces a serious financial crisis which throws its

continued existence into doubt. The reason for the crisis is the refusal of the North Vietnamese and South Vietnamese Communists to pay their full shares of the ICCS budget. In view of this, we have concluded that the U.S. must see to it that adequate support be provided to the Commission if it is to survive. The Administration is therefore requesting \$27.7 million to support the ICCS in FY 1975. Of this, \$16.5 million would pay essential costs this fiscal year. The remaining \$11.2 million would repay the Agency for International Development for borrowings for ICCS contributions last fiscal year. The projected U.S. contribution comprises the greatest share of the ICCS budget. But compared with the serious consequences of the Commission's collapse—the unraveling of the fragile structure of peace in Viet-Nam—the price is small. I do not think we can afford to allow this to happen.

I cannot stress enough the importance of this legislation to our interests in preserving the existing peace-keeping structure and in moving toward a more stable peace in Viet-Nam. I most strongly urge you to give it your support.

With best regards,

Sincerely,

ROBERT S. INGERSOLL

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman) :

THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

PART I

CHAPTER 1—POLICY; DEVELOPMENT ASSISTANCE AUTHORIZATIONS

* * * * *

Sec. 103. Food and Nutrition.

(a) In order to alleviate starvation, hunger, and malnutrition, and to provide basic services to poor people, enhancing their capacity for self-help, the President is authorized to furnish assistance, on such terms and conditions as he may determine, for agriculture, rural development, and nutrition. There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, ~~[\$291,000,000 for each of the fiscal years 1974 and 1975]~~ *\$291,000,000 for the fiscal year 1974, and \$491,000,000 for the fiscal year 1975,* which amounts are authorized to remain available until expended.

(b) The Congress finds that, due to rising world food, fertilizer and petroleum costs, human suffering and deprivation are growing in the poorest and most slowly developing countries. The greatest potential for significantly expanding world food production at relatively low cost lies in increasing the productivity of small farmers who constitute a majority of the nearly one billion people living in these countries. Increasing the emphasis on rural development and expanded food production in the poorest nations of the developing world is a matter of social justice as well as an important factor in slowing the rate of inflation in the industrialized countries. In the allocation of funds under this section, special attention should be given to increasing agricultural production in the countries with per capita incomes under \$300 per year and which are the most severely affected by sharp increases in worldwide commodity prices.

Sec. 104. Population Planning and Health.

In order to increase the opportunities and motivation for family planning, to reduce the rate of population growth, to prevent and combat disease, and to help provide health services for the great majority, the President is authorized to furnish assistance on such terms and conditions as he may determine, for population planning and

(69)

health. There are authorized to be appropriated to the President for the purposes of this section, in addition to the funds otherwise available for such purposes, ~~[\$145,000,000 for each of the fiscal years 1974 and 1975]~~, *\$145,000,000 for fiscal year 1974 and \$165,000,000 for the fiscal year 1975*, which amounts are authorized to remain available until expended.

* * * * *

TITLE X—PROGRAMS RELATING TO POPULATION GROWTH

Sec. 292. Authorization.

Of the funds provided to carry out the provisions of part I of this Act for the fiscal year 1974, \$125,000,000, and for the fiscal year 1975, ~~[\$130,000,000]~~ *\$150,000,000* shall be available in each such fiscal year only to carry out the purposes of this title, and, notwithstanding any other provisions of this Act, funds used for such purposes may be used on a loan or grant basis.

* * * * *

Sec. Education and Human Resources Development.

In order to reduce illiteracy, to extend basic education and to increase manpower training in skills related to development, the President is authorized to furnish assistance on such terms and conditions as he may determine, for education, public administration, and human resource development. There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, ~~[\$90,000,000 for each of the fiscal years 1974 and 1975]~~ *\$90,000,000 for the fiscal year 1974, and \$92,000,000 for the fiscal year 1975*, which amounts are authorized to remain available until expended.

* * * * *

TITLE III—HOUSING GUARANTIES

Sec. 221. Worldwide Housing Guaranties.

In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, and promote the development of thrift and credit institutions engaged in programs of mobilizing local savings for financing the construction of self-liquidating housing projects and related community facilities, the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors as defined in section 238(c), assuring against loss of loan investments for self-liquidating housing projects. The total face amount of guaranties issued hereunder, outstanding at any one time, shall not exceed ~~[\$305,000,000]~~ *\$405,000,000*. Such guaranties shall be issued under the conditions set forth in section 222(b) and section 223.

* * * * *

(i) The authority of section 221 and section 222 shall continue until ~~[June 30, 1975]~~ *June 30, 1976*

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Sec. 302. Authorization.

(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for the fiscal year 1974, \$127,822,000 and ~~for the fiscal year 1975, \$150,000,000~~ *for the fiscal year 1975, \$186,900,000.*

* * * * *

CHAPTER 2—MILITARY ASSISTANCE

Sec. 504. Authorization.

(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed ~~for the fiscal year 1974, \$512,500,000~~ *\$550,000,000 for the fiscal year 1975: Provided, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish assistance to more than thirty-one countries in any fiscal year: Provided further, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress.*

Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.

* * * * *

[Sec. 506. Special Authority.]

(a) During the fiscal year 1974, the President may, if he determines it to be in the security interests of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1974 shall not exceed \$250,000,000.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.]

* * * * *

Sec. 513. Military Assistance Authorizations for [Thailand and Laos.] Thailand, Laos, and South Vietnam.

(a) After June 30, 1972, no military assistance shall be furnished by the United States to Thailand directly or through any other for-

eign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(b) After June 30, 1974, no military assistance shall be furnished by the United States to Laos directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(c) After June 30, 1975, no military assistance shall be furnished by the United States to South Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

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Sec. 514. Limitation on the Grant of Excess Defense Articles.

(a) The value of any excess defense article furnished to a foreign country or international organization by any agency of the United States Government shall be considered to be an expenditure made from funds appropriated under section 504 of this Act. Unless such agency certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof (less amounts to be transferred under section 632(d) of this Act) shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is canceled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the appropriation made under section 504 of this Act for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the appropriation made under section 504 of this Act for the current fiscal year, upon delivery of such article, if at the time of delivery the stock status of the article is determined in accordance with section 644(g) or (m) of this Act to be nonexcess.

(b) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

* * * * *

(m) "Value" means—

[(1) with respect to an excess defense article, the actual value of the article plus the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying the article, except that for purposes of section 632(d) such actual value shall not be taken into account;]

(1) with respect to an excess defense article, the actual value of the article but not less than 33 1/3 per centum of the amount the United States paid at the time the defense article was acquired by the United States;

【Sec. 8. (a) Subject to the provisions of subsection (b), the value of any excess defense article granted to a foreign country or international organization by any department, agency, or independent establishment of the United States Government (other than the Agency for International Development) shall be considered to be an expenditure made from funds appropriated under the Foreign Assistance Act of 1961 for military assistance. Unless such department, agency, or establishment certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof shall (less amounts to be transferred under section 632(d) of the Foreign Assistance Act of 1961) (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with section 644 (g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.

(b) In the case of excess defense articles which are generated abroad, the provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds \$150,000,000.

(c) For purposes of this section, the term "value" has the same meaning as given it in section 644(m) of the Foreign Assistance Act of 1961.

(d) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

(e) Except for excess defense articles granted under part II of the Foreign Assistance Act of 1961, the provisions of this section shall not apply to any excess defense article granted to South Vietnam prior to July 1, 1972.】

FOREIGN ASSISTANCE ACT OF 1961

【SEC. 11. For purposes of sections 8 and 9—

(1) "defense article and "excess defense articles" have the

same meanings as given them in section 644 (d) and (g), respectively, of the Foreign Assistance Act of 1961; and

(2) "foreign country" includes any department, agency, or independent establishment of the foreign country.]

* * * * *

Sec. 515. Stockpiling of Defense Articles for Foreign Countries.

(a) Notwithstanding any other provision of law, no funds, other than funds made available under this Act or section 401(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, may be obligated or expended for the purpose of stockpiling any defense article or war reserve material, including the acquisition, storage, or maintenance of any war reserve equipment, secondary items, or munitions, if such article or material is set aside, reserved, or in any way earmarked or intended for future use by any foreign country.

(b) The cost of any such article or material set aside, reserved, or in any way earmarked or intended by the Department of Defense for future use by, for, or on behalf of South Vietnam, shall be charged against the limitation specified in section 401(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked; and the cost of any such article or material set aside, reserved, or in any way earmarked or intended for future use by, for, or on behalf of any other foreign country shall be charged against funds authorized under chapter 2 of part II of this Act for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked. No such article or material may be made available to or for use by South Vietnam or any other foreign country unless such article or material has been charged against the limitation specified in section 601(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, or against funds authorized under such chapter 2, as appropriate.

(c) This section shall not be construed as conferring any authority to stockpile defense articles or war materials under this Act or such section 401(a), or subsequent corresponding legislation.

Sec. 516. Military Assistance Advisory Groups and Missions.

(a) An amount equal to each sum expended under any provision of law, other than section 504 of this Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under such section 504, and (1) if reimbursement of such amount is requested by the agency of the United States Government making the expenditure, reimbursed to that agency, or (2) if no such reimbursement is requested, deposited in the Treasury as miscellaneous receipts.

Sec. 517. Termination of Authority.

(a) (1) The President shall gradually reduce assistance (other than military training) provided under this chapter so that, not later than

September 30, 1977, no assistance (other than military training) shall be provided under this chapter.

(2) Paragraph (1) of this subsection shall not apply to funds obligated prior to October 1, 1977.

(b) For each of the fiscal years 1975, 1976, and 1977, the President is authorized to finance procurements of defense articles and defense services (other than military training) by any foreign country receiving defense articles or defense services during fiscal year 1974 under this chapter on terms providing for payment in United States dollars (1) of the value of such articles and services which value shall not exceed during each such fiscal year the value of such articles and services (other than military training) furnished that country in fiscal year 1974 under this chapter, (2) at a rate of interest of not less than four per centum a year, and (3) within ten years after delivery of the defense articles or rendering of the defense services.

(c) (1) By not later than September 30, 1977, all the functions of a military assistance advisory group, a military mission, or other organization of the United States Government in a foreign country performing activities similar to any such group or mission, shall be transferred to the Chief of the United States Diplomatic Mission to that country. Upon the transfer of such functions, that group, mission, or organization, as the case may be, shall cease to exist.

(2) On and after October 1, 1977, the total number of military attaches assigned or detailed to the United States Diplomatic Mission of a foreign country shall not exceed by twenty-five per centum the total number of military attaches authorized to be assigned or detailed to that mission on June 30, 1974.

(3) On and after October 1, 1977, no military assistance advisory group, military mission, or other organization of the United States Government in a foreign country shall be established or continued unless such group, mission, or organization is authorized by law specifically for that country.

Effective October 1, 1977 the following changes are made:

[CHAPTER 1—POLICY] Chapter 1—Providing Military Training

* * * * *

Sec. 502. [Utilization of Defense Articles and Services] Providing Military Training.

[Defense articles and defense services] Military training to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities to the economic and social development of such friendly countries. **[It is the sense of**

the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort.]

CHAPTER 2—[MILITARY ASSISTANCE] *Military Training*

[Sec. 503. General Authority.]

(a) The President is authorized to furnish military assistance, on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(1) acquiring from any source and providing (by loan or grant) any defense article or defense service; or

(2) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a non-combatant nature.

(b) In addition to such other terms and conditions as the President may determine pursuant to subsection (a), defense articles may be loaned thereunder only if—

(1) there is a bona fide reason, other than the shortage of funds, for providing such articles on a loan basis rather than on a grant basis;

(2) there is a reasonable expectation that such articles will be returned to the agency making the loan at the end of the loan period, unless the loan is then renewed;

(3) the loan period is of fixed duration not exceeding five years, during which such article may be recalled for any reason by the United States;

(4) the agency making the loan is reimbursed for the loan based on the amount charged to the appropriation for military assistance under subsection (c); and

(5) arrangements are made with the agency making the loan to be reimbursed in the event such article is lost or destroyed while on loan, such reimbursement being made first out of any funds available to carry out this chapter and based on the depreciated value of the article at the time of loss or destruction.

(c) (1) In the case of any loan of a defense article or defense service made under this section, there shall be a charge to the appropriation for military assistance for any fiscal year while the article or service is on loan in an amount based on—

(A) the out-of-pocket expenses authorized to be incurred in connection with such loan during such fiscal year; and

(B) the depreciation which occurs during such year while such article is on loan.

(2) The provisions of this subsection shall not apply—

(A) to any particular defense article or defense service which the United States Government agreed, prior to the date of enactment of this subsection, to lend; and

(B) to any defense article or defense service, or portion thereof, acquired with funds appropriated for military assistance under this Act.]

Sec. 504. Authorization.

(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed \$512,500,000 for the fiscal year 1974: *Provided*, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish assistance to more than thirty-one countries in any fiscal year: *Provided further*, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress. Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.]

Sec. 505. Conditions of Eligibility.

(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country.

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any

country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

- (1) that such country conforms to the purposes and principles of the Charter of the United Nations;
 - (2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, or the defensive strength of the free world;
 - (3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and
 - (4) that the increased ability of such country to defend itself is important to the security of the United States.
- (c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.
- (d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.
- (e) In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under subsection (a) (1) or (a) (4) to the transfer unless the United States itself would transfer the defense article under consideration to that country, and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which he intends to give his consent to be so transferred, and the foreign country to which that defense article is to be transferred. In addition, the President shall not give his consent under subsection (a) (1) or (a) (4) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles if not demilitarized, to any other foreign country or person without first obtaining the consent of the President.
- (f) Effective July 1, 1974, no defense article shall be furnished to any country on a grant basis unless such country shall have agreed that the net proceeds of sale received by such country in disposing of any weapon, weapons system, munition, aircraft, military boat, military vessel, or other implement of war received under this chapter will be paid to the United States Government and shall be available to pay all official costs of the United States Government payable in the currency of that country, including all costs relating to the financing of interna-

tional educational and cultural exchange activities in which that country participates under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961.]

Sec. 503. General Authority.—The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine, military training to any foreign country or international organization. Funds for such training shall be appropriated for each fiscal year pursuant to authorization for that fiscal year. After September 30, 1977, no such training shall be conducted outside the United States except by specific authorization of law.

Sec. 511. Considerations in Furnishing Military [Assistance] Training.

Decisions to furnish [military assistance] military training made under this part shall take into account whether [such assistance] such training will—

- (1) contribute to an arms race;
 - (2) increase the possibility of outbreak or escalation of conflict;
- or
- (3) prejudice the development of bilateral or multilateral arms control arrangements.

Sec. 636. Provisions on Uses of Funds.

(g) Funds made available for the purposes of part II shall be available for—

- (1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses incurred in furnishing [defense articles and defense services on a grant or sales basis] military training by the agency primarily responsible for administering part II;

Sec. 644. Definitions.

As used in this Act—

(m) "Value" means—

[(1) with respect to an excess defense article, the actual value of the article plus the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying the article, except that for purposes of section 632(d) such actual value shall not be taken into account];

(1) [(2)] with respect to a [nonexcess] defense article delivered from inventory to foreign countries or international organizations under this Act, the acquisition cost to the United States Government, adjusted as appropriate for condition and market value;

(2) [(3)] with respect to a [nonexcess] defense article delivered from new procurement to foreign countries or international organizations under this Act, the contract or production costs of such article; and

(3) [(4)] with respect to a defense service, the cost to the United States Government of such service.

Sec. 518. Termination of Military Assistance to South Korea.

(a) *The total of (1) the amount of funds obligated under this chapter to furnish assistance to South Korea, and (2) the value of excess defense articles furnished to South Korea under this chapter, shall not exceed—*

- (A) *\$91,500,000 during the fiscal year 1975;*
- (B) *\$1,000,000 during the fiscal year 1976; and*
- (C) *\$30,500,000 during the fiscal year 1977.*

(b) *The aggregate total of credits extended, including participations in credits, and the principal amount of loans guaranteed, under the Foreign Military Sales Act with respect to South Korea shall not exceed—*

- (1) *\$42,450,000 during the fiscal year 1975; --*
- (2) *\$28,000,000 during the fiscal year 1976; and*
- (3) *\$14,150,000 during the fiscal year 1977.*

(c) *On and after October 1, 1977, no assistance shall be furnished South Korea under this chapter, and no credits, including participations in credits, shall be extended, and no loans shall be guaranteed, under the Foreign Military Sales Act with respect to South Korea. The preceding sentence shall not apply with respect to funds obligated prior to such date.*

CHAPTER 4—SECURITY SUPPORTING ASSISTANCE

Sec. 532. Authorization.

There is authorized to be appropriated to the President to carry out the purposes of this chapter [(for the fiscal year 1974 not to exceed \$125,000,000, of which not less than \$50,000,000 shall be available solely for Israel)] *for the fiscal year 1975 not to exceed \$585,000,000: Provided, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available to the Government of Vietnam unless, beginning in January 1971, and quarterly thereafter, the President of the United States shall determine that the accommodation rate of exchange, and the rate of exchange for United States Government purchases of piasters for goods and services, between said Government and the United States is fair to both countries.*

Sec. 610. Transfer Between Accounts.

(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act (except funds made available

pursuant to title IV of chapter 2 of part I) may be transferred to, and consolidated with, the funds made available for any other provision (except funds made available under Chapter II of part II of this Act) of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 506, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses. Not to exceed \$9,000,000 of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam.

(c) Any funds which the President has notified Congress pursuant to section 653 that he intends to provide in military assistance to any country may be transferred to, and consolidated with, any other funds he has notified Congress pursuant to such section that he intends to provide to that country for development assistance purposes.

* * * * *

Sec. 614. Special Authorities.

(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 506 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year. The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts. The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman

and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection.】

* * * * *

Sec. 109. Transfer of Funds.

Notwithstanding section 108 of this Act, whenever the President determines it to be necessary for the purposes of this chapter, not to exceed 15 per centum of the funds made available for any provision of this chapter may be transferred to, and consolidated with, the funds made available for any other provision of this chapter, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 25 per centum of the amount of funds made available for such provision. The authority of [sections 610(a) and 614(a)] *section 610(a)* of this Act may not be used to transfer funds made available under this chapter for use for purposes of any other provision of this Act.

* * * * *

(c) The authority of section 610 may not be used to decrease the funds available under this title【, nor may the authority of section 614 (a) be used to waive the requirements of this title】.

* * * * *

Sec. 251. General Authority.

* * * * *

(c) 【The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.】

The authority of section 610 may be used to transfer funds made available for this title only to funds made available for title I of this chapter.

* * * * *

Sec. 302. Authorization.

(2) There is authorized to be appropriated to the President for grants for Indus Basin Development in addition to any other funds available for such purposes, for use in the fiscal year 1974, \$14,500,000, and for use in the fiscal year 1975, \$14,500,000, which amounts shall remain available until expended. The President shall not exercise any special authority granted to him under section 610(a) 【or 614(a)】 of this Act to transfer any amount appropriated under this paragraph to, and to consolidate such amount with, any funds made available under any other provision of this Act.

* * * * *

(b) The authority contained in this section and in [sections 451, 506, and 614] *section 451* shall not be used the augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses. Not to exceed \$9,000,000

of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam.

* * * * *

SEC. 634. (d) When requests are presented to the Congress for appropriations for fiscal year 1969 to carry out programs under this Act, the programs to be carried out with the funds appropriated for that fiscal year shall also be presented to the Committee on Foreign Relations of the Senate, if requested by the chairman of that committee, and to the Committee on Foreign Affairs of the House of Representatives, if requested by the chairman of that committee. At the end of each fiscal year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the fiscal year under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes. Any such presentation material shall also include (1) a chart showing on a country-by-country basis the full extent of all United States assistance planned or expected for each such country for the next fiscal year, including economic assistance and military grants and sales under this or any other Act and sales under the Agricultural Trade Development and Assistance Act of 1954, as amended, (2) details of proposed contributions by the United States to multilateral financial agencies for the next fiscal year, and (3) a statement of projects, on a country-by-country basis for which financing was supplied during the last fiscal year through the Export-Import Bank. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610(b), ~~for 614(b)~~ and of any findings, including his reasons therefor, under section 503 or 521(c).

* * * * *

Sec. 652. Limitation Upon Exercise of Special Authorities.

The President shall not exercise any special authority granted to him under ~~section 506(a), 610(a), or 614(a)~~ section 610(a) of this Act unless the President, prior to the date intends to exercise any such

authority, notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended exercise, the section of this Act under which such authority is to be exercised, and the justification for, and the extent of, the exercise of such authority.

* * * * *

SEC. 653 (b) The provisions of this section shall not apply in the case of any law making continuing appropriations [and may not be waived under the provisions of section 614(a) of this Act].

* * * * *

Sec. 659. Access to Certain Military Bases Abroad.

None of the funds authorized to be appropriated for foreign assistance (including foreign military sales, credit sales, and guaranties) under any law may be used to provide any kind of assistance to any foreign country in which a military base is located if—

(1) such base was constructed or is being maintained or operated with funds furnished by the United States;

(2) personnel of the United States carry out military operations from such base;

unless and until the President has determined that the government of such country has, consistent with security, authorized access, on a regular basis, to bona fide news media correspondents of the United States to such military base.

* * * * *

FOREIGN ASSISTANCE ACT OF 1973

ACCESS TO CERTAIN MILITARY BASES ABROAD

[SEC. 29. None of the funds authorized to be appropriated by this Act may be used to provide any kind of assistance to any foreign country in which a military base is located if—

(1) such base was constructed or is being maintained or operated with funds furnished by the United States; and

(2) personnel of the United States carry out military operations from such base;

unless and until the President has determined that the government of such country has, consistent with security, authorized access, on a regular basis, to bona fide news media correspondents of the United States to such military base.]

* * * * *

Sec. 660. (a) Prohibiting Police Training.

None of the funds made available to carry out this Act, and none of the local currencies generated under this Act, shall be used to provide training or advice, or provide any financial support, for police, prisons, or other internal security forces for any foreign government or any program of internal intelligence of surveillance on behalf of any foreign government within the United States or abroad.

(b) Subsection (a) of this section shall not apply—

(1) with respect to assistance rendered under section 515(c) of the Omnibus Crime Control and Safe Streets Act of 1968, or with respect to any authority of the Drug Enforcement Admin-

istration or the Federal Bureau of Investigation which relates to crimes of the nature which are unlawful under the laws of the United States.

(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program.

Notwithstanding clause (2), subsection (a) shall apply to any renewal or extension of any contract referred to in such paragraph entered into on or after such date of enactment.

* * * * *

FOREIGN ASSISTANCE ACT OF 1973

[Sec. 112. Prohibiting Police Training.

No part of any appropriation made available to carry out this Act shall be used to conduct any police training or related program in a foreign country.

(b) Subsection (a) of this section shall not apply—

(1) with respect to assistance rendered under section 515(c) of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, or with respect to any authority of the Drug Enforcement Administration of the Federal Bureau of Investigation which relates to crimes of the nature which are unlawful under the laws of the United States; or

(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program.

Notwithstanding paragraph (2), subsection (a) shall apply to any renewal or extension of any contract referred to in such paragraph entered into on or after such date of enactment.】

* * * * *

PART V

Sec. 801. General Authority.

The President is authorized to furnish, on such terms and conditions as he may determine, assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos, including especially humanitarian assistance to refugees, civilian war casualties, and other persons disadvantaged by hostilities or conditions related to those hostilities in South Vietnam, Cambodia, and Laos. No assistance shall be furnished under this section to South Vietnam unless the President receives assurances satisfactory to him that no assistance furnished under this part, and no local currencies generated as a result of assistance furnished under this part, will be used for support of police, or prison construction and administration, within South Vietnam.

[Sec. 802. Authorization.

There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to funds otherwise available

for such purposes, for the fiscal year 1974 not to exceed \$504,000,000, which amount is authorized to remain available until expended.]

Sec. 802. Authorization.

There are authorized to be appropriated to the President to furnish assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos as authorized by this part, in addition to funds otherwise available for such purposes, for fiscal year 1974 not to exceed \$504,000,000, and for the fiscal year 1975 not to exceed \$550,000,000. Of the amount appropriated for fiscal year 1975—

(1) \$420,000,000 shall be available only for the relief and reconstruction of South Vietnam in accordance with section 806 of this Act;

(2) \$70,000,000 shall be available only for the relief and reconstruction of Cambodia in accordance with section 807 of this Act;

(3) \$45,000,000 shall be available only for the relief and reconstruction of Laos in accordance with section 808 of this Act;

(4) \$3,750,000 shall be available only for the regional development program; and

(5) \$11,250,000 shall be available only for support costs for the agency primarily responsible for carrying out this part.

Such amounts are authorized to remain available until expended.

Sec. 803. Assistance to South Vietnamese Children.

(a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion and improvement of day care centers, orphanages, hostels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, particularly children fathered by United States citizens.]

(b) The President is, therefore, authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes described in clauses (1) and (2) of subsection (a) of this section. Of the funds appropriated pursuant to section 802 for fiscal year 1974, \$5,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section. *Of the sums made available for South Vietnam under section 802(1) of this Act for fiscal year 1975, \$10,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section.* Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in clause (2) of subsection (a). Assistance provided under this section shall be furnished, to the maximum extent practicable, under the auspices of and by international agencies or private voluntary agencies.

Sec. 806. Limitations With Respect to South Vietnam.

(a) *Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in*

any amount in excess of \$1,280,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance or any operation project or program of any kind or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of South Vietnam. Of that amount, there shall be available during such fiscal year—

(1) \$700,000,000 for military assistance;

(2) \$160,000,000 only to carry out the Agricultural Trade Development and Assistance Act of 1954; and

(3) \$420,000,000 only for economic assistance, of which there shall be available—

(A) \$95,000,000 for humanitarian assistance, of which there shall be available—

(i) \$66,500,000 for refugee relief;

(ii) \$8,200,000 for child care;

(iii) \$10,300,000 for health care; and

(iv) \$10,000,000 for the City-to-Farm program;

(B) \$188,000,000 for agricultural assistance, of which there shall be available—

(i) \$150,000,000 for fertilizer, POL, and pesticides;

(ii) \$20,000,000 for rural credit;

(iii) \$10,000,000 for canal dredging;

(iv) \$4,000,000 for low-lift pumps; and

(v) \$4,000,000 for fish farm development;

(C) \$95,600,000 for industrial development assistance, of which there shall be available—

(i) \$85,000,000 for commodities;

(ii) \$10,000,000 for industrial credit; and

(iii) \$600,000 for development planning; and

(D) \$41,400,000 for miscellaneous assistance, of which there shall be available—

(i) \$30,000,000 for transportation; and

(ii) \$11,400,000 for technical support.

(b) (1) No funds made available under paragraph (2) or (3) of subsection (a) may be transferred to, or consolidated with, the funds made available under any other paragraph of such subsection, nor may any funds made available under subparagraph (A), (B), (C), or (D) of paragraph (3) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any other such subparagraph.

(2) Whenever the President determines it to be necessary in carrying out this part, any funds made available under any clause of subparagraph (A), (B), (C), or (D) of subsection (a) of this section may be transferred to, and consolidated with, the funds made available under any other clause of that same subparagraph.

(3) The President shall fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of each transfer he intends to make under paragraph (2) of this subsection prior to making such transfer.

(c) In computing the \$1,280,000,000 limitation on obligational authority under subsection (a) of this section with respect to such

fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, for, or on behalf of South Vietnam in such fiscal year by gift, donation, loan, lease, or otherwise. For the purpose of this subsection, 'value' means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of South Vietnam but in no case less than 33 1/3 per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for or on behalf of South Vietnam in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds or use in, for, or on behalf of South Vietnam or any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, for, or on behalf of South Vietnam during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

(g) (1) Effective six months after the date of enactment of this section, the total number of civilian officers and employees, including contract employees, of executive agencies of the United States Government who are citizens of the United States and members of the Armed Forces of the United States present in South Vietnam shall not at any one time exceed four thousand, nor more than two thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense. Effective one year after the date of enactment of this section, such total number shall not exceed at any one time three thousand, not more than one thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense.

(2) Effective six months after the date of enactment of this section, the United States shall not, at any time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eight hundred individuals in South Vietnam who are citizens of countries other than South Vietnam or the United States. Effective one year after the date of enactment of this section, the total number of individuals whose compensation or allowance is so paid shall not exceed five hundred.

(3) For purposes of this subsection, 'executive agency of the United States Government' means any agency, department, board, wholly or

partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

(h) This section shall not be construed as a commitment by the United States to South Vietnam for its defense.

Sec. 807. Limitations With Respect to Cambodia.

(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$347,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for or on behalf of Cambodia. Of that sum, there shall be available—

(1) \$200,000,000 for military assistance;

(2) \$77,000,000 only to carry out the Agricultural Trade Development and Assistance Act of 1954; and

(3) \$70,000,000 only for economic assistance, of which there shall be available—

(A) \$20,000,000 for humanitarian assistance;

(B) \$31,000,000 for commodity import assistance;

(C) \$17,500,000 for multilateral stabilization assistance;

and

“(D) \$1,500,000 for technical support and participant training.

(b) No funds made available under paragraph (2) or (3) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under any other paragraph of such subsection, nor may any funds made available under any subparagraph of paragraph (3) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any other such subparagraph.

(c) In computing the \$347,000,000 limitation on obligation authority under subsection (a) of this section with respect to such fiscal year there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, for, or on behalf of Cambodia in such fiscal year by gift, donation, loan, lease, or otherwise. For the purpose of this subsection, “value” means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia but in no case less than 33⅓ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of Cambodia for any fiscal year, the President shall

furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, for, or on behalf of Cambodia during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

(g) (1) The total number of civilian officers and employees, including contract employees, of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such members while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred. Effective six months after the date of enactment of this subsection, such total number shall not exceed at any one time one hundred and seventy-five.

(2) The United States shall not, at any time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eighty-five individuals in Cambodia who are citizens of countries other than Cambodia or the United States. Effective six months after the date of enactment of this section, the total number of individuals whose compensation or allowance is so paid shall not exceed seventy-five.

(3) For purposes of this section, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

(4) This subsection shall not be construed to apply with respect to any individual in Cambodia who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in Cambodia.

(h) This section shall not be construed as a commitment by the United States to Cambodia for its defense.

Sec. 655. Limitations Upon Assistance to or for Cambodia.

(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$341,000,000 for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Cambodia during the fiscal year ending June 30, 1972.

(b) In computing the \$341,000,000 limitation on obligation authority under subsection (a) of this section in fiscal year 1972, (1) there shall be included in the computation the value of any goods, supplies,

materials, or equipment provided to, for, or on behalf of Cambodia in such fiscal year by gift, donation, loan, lease, or otherwise, and (2) there shall not be included in the computation the value of any goods, supplies, materials or equipment attributable to the operations of the Armed Forces of the Republic of Vietnam in Cambodia. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia but in no case less than 33 $\frac{1}{3}$ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(c) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1972, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(d) The provisions of subsections (a) and (c) of this section shall not apply with respect to the obligation of funds to carry out combat air operations over Cambodia.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of Cambodia for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1971, a written report showing the total amount of funds obligated in, for or on behalf of Cambodia during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose, except that in the case of the two quarters of the fiscal year beginning July 1, 1971, a single report may be submitted for both such quarters and such report may be computed on the basis of the most accurate estimates the President is able to make taking into consideration all information available to him.

(g) Enactment of this section shall not be construed as a commitment by the United States to Cambodia for its defense.】

【Sec. 656. Limitations on United States Personnel and Personnel Assisted by United States in Cambodia.

The total number of civilian officers and employees of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such members while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred. The United States shall not, at any time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eighty-five individuals in Cambodia who are citizens of countries other than

Cambodia or the United States. For purposes of this section, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.]

* * * * *

Sec. 808. Limitations With Respect to Laos.

(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$100,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance or any operation project or program of any kind or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Laos. Of that sum there shall be available—

- (1) \$55,000,000 for military assistance; and
- (2) \$45,000,000 only for economic assistance, of which there shall be available—
 - (A) \$13,000,000 for humanitarian assistance;
 - (B) \$9,900,000 for reconstruction and development assistance;
 - (C) \$17,500,000 for stabilization assistance; and
 - (D) \$4,600,000 for technical support.

(b) No funds made available under paragraph (2) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under paragraph (1), nor may any funds made available under any subparagraph of paragraph (2) be transferred to, or consolidated with, the funds made available under any other such subparagraph.

(c) In computing the limitations on obligation authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, for, or on behalf of Laos in such fiscal year by gift, donation, loan, lease or otherwise. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Laos, but in no case less than 33⅓ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Laos but in no case less than 66⅔ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Laos in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to for, or on behalf of Laos, or any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of Laos during the preceding quarter by the United States Government and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

(g) This section shall not be construed as a commitment by the United States to Laos for its defense.

Sec. 809. Transfer of Funds.

(a) The authority of section 610 of this Act shall not apply with respect to any funds made available to South Vietnam, Cambodia, or Laos.

(b) Any funds made available under any provision of this or any other law for the purpose of providing military assistance for South Vietnam, Laos, or Cambodia may be transferred to, and consolidated with, any funds made available to that country for war relief, reconstruction, or general economic development.

PART VI

Sec. 901. General Authority for Assistance to the Middle East.

The President is authorized under section 902 of this Act to furnish by loan or grant, assistance authorized by this Act, and to provide credits and guaranties authorized by the Foreign Military Sales Act. Any such assistance, credits, and guaranties shall be provided in accordance with all the purposes and limitations applicable to that type of assistance under this Act and applicable to credits and guaranties under the Foreign Military Sales Act.

Sec. 902. Allocations.

(a) Of the funds appropriated to carry out chapter 2 of part II of this Act during the fiscal year 1975, not to exceed \$100,000,000 may be made available for military assistance in the Middle East.

(b) Of the funds appropriated to carry out chapter 4 of part II of this Act during the fiscal year 1975, not to exceed \$577,500,000 may be made available for security supporting assistance in the Middle East.

(c) Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act during the fiscal year 1975, not to exceed \$330,000,000 shall be available for countries in the Middle East.

Sec. 903. (a) Special Requirements Fund.

There are authorized to be appropriated to the President for the fiscal year 1975 not to exceed \$100,000,000 to meet special requirements arising from time to time for the purpose of providing any type of assistance authorized by part I of this Act, in addition to funds other-

wise available for such purpose. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by this Act in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed on the programming and obligation of funds under subsection (a).

(c) (1) Prior to obligating any amount in excess of \$1,000,000 from funds made available under this section, the President shall transmit a written report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the same day giving a complete explanation with respect to such proposed obligation. Each report shall include an explanation relating to only one proposed obligation.

(2) (A) The President may make such obligation thirty days after the report has been so transmitted unless, before the end of the first period of thirty calendar days of continuous session of Congress after the date on which the report is transmitted, either House adopts a resolution disapproving the proposed obligation with respect to which the report is made.

(B) For purposes of subparagraph (A) of this paragraph—

(i) the continuity of a session is broken only by an adjournment of the Congress sine die; and

(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day period.

(3) Paragraphs (4) through (11) of this subsection are enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in the House in the case of resolutions described by this subsection; and they supersede other rules only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

(4) For purposes of paragraphs (2) through (11) of this subsection, "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the _____ does not approve the obligation for _____ and explained in the report transmitted to Congress by the President on _____, 19____", the first blank space therein being filled with the name of the resolving House, the second blank space therein being filled with the name of the foreign country or organization on whose behalf the obligation is to be incurred, and the other blank spaces therein being appropriately

filled with the date of the transmittal of the report; but does not include a resolution specifying more than one proposed obligation.

(5) If the committee, to which has been referred a resolution disapproving a proposed obligation, has not reported the resolution at the end of ten calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the same obligation which has been referred to the committee.

(6) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same proposed obligation), and debate thereon is limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(7) If the motion to discharge is agreed to, or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same obligation.

(8) When the committee has reported, or has been discharged from further consideration of a resolution with respect to an obligation, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(9) Debate on the resolution is limited to not more than two hours, to be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(10) Motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an obligation, and motions to proceed to the consideration of other business, are decided without debate.

(11) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an obligation are decided without debate.

Sec. 620. Prohibitions Against Furnishing Assistance.

* * * * *

[(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives that such assistance is essential to the national interest of the United States,

and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic.】

THE FOREIGN MILITARY SALES ACT, AS AMENDED

* * * * *

SEC. 3 (c) Except as otherwise provided in subsection (d), any foreign country which hereafter uses defense articles or defense services furnished such country under this Act, in substantial violation of any provision of this Act or any agreement entered into under this Act, shall be immediately ineligible for further cash sales, credits, or guarantees.

【(d) No sophisticated weapons, including sophisticated jet aircraft or spare parts and associated ground equipment for such aircraft, shall be furnished under this or any other Act to any foreign country on or after the date that the President determines that such country has violated any agreement it has made in accordance with paragraph (2) of subsection (a) of this section or section 505(a) of the Foreign Assistance Act of 1961 or any other provision of law requiring similar agreements. Such country shall remain ineligible in accordance with this subsection until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not reoccur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned.】

(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned.

* * * * *

Sec. 22. Procurement for Cash Sales.

(a) Except as otherwise provided in this section, the President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale for United States dollars to any foreign country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

(b) The President may, when he determines it to be in the national interest, accept a dependable undertaking of a foreign country or international organization with respect to any such sale, to make full payment within 120 days after delivery of the defense

articles or the rendering of the defense services. Appropriations available to the Department of Defense may be used to meet the payments required by the contracts for the procurement of defense articles and defense services and shall be reimbursed by the amounts subsequently received from the country or international organization to whom articles or services are sold.

(c) *No sales of defense articles shall be made to the government of any economically developed country under the provisions of this section if such articles are generally available for purchase by such country from commercial sources in the United States.*

[Sec. 23. Credit Sales.

The President is hereby authorized to finance procurements of defense articles and defense services by friendly countries and international organizations on terms of repayment to the United States Government of not less than the value thereof in United States dollars within a period not to exceed ten years after the delivery of the defense articles or the rendering of the defense services.]

Sec. 23. Credit Sales.

The President is authorized to finance procurements of defense articles and defense services by friendly foreign countries and international organizations on terms requiring the payment to the United States Government in United States dollars of—

(1) *the value of such articles or services within a period not to exceed ten years after the delivery of such articles or the rendering of such services; and*

(2) *interest on the unpaid balance of that obligation for payment of the value of such articles or services, at a rate equivalent to the current average interest rate, as of the last day of the month preceding the financing of such procurement, that the United States Government pays on outstanding marketable obligations of comparable maturity, unless the President certifies to Congress that the national interest requires a lesser rate of interest and states in the certification the lesser rate required, and the justification therefor.*

Sec. 24. Guaranties.

(a) The President may guarantee any individual, corporation, partnership, or other juridical entity doing business in the United States (excluding United States Government agencies *other than the Federal Financing Bank*) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to friendly countries and international organizations. Fees shall be charged for such guaranties.

(b) The President may sell to any individual, corporation, partnership, or other juridical entity (excluding United States Government agencies *other than the Federal Financing Bank*) promissory notes issued by friendly countries and international organizations as evidence of their obligations to make repayments to the United States on account of credit sales financed under section 23, and may guarantee payment thereof.

(c) Funds made available to carry out this Act shall be obligated

in an amount equal to 25 per centum of the principal amount of contractual liability related to any guaranty issued under this section, and all the funds so obligated shall constitute a single reserve for the payment of claims under such guaranties. Any funds so obligated which are deobligated from time to time during any current fiscal year as being in excess of the amount necessary to maintain a fractional reserve of 25 per centum of the principal amount of contractual liability under outstanding guaranties shall be transferred to the general fund of the Treasury. Any guaranties issued hereunder shall be backed by the full faith and credit of the United States.

(d) *The President may guarantee under this section only those payments for any defense article or defense service which are due within ten years after that defense article is delivered or that defense service is rendered, except that such guaranty may be made for not more than twenty years if the President certifies to Congress that the national interest requires that the period of guaranty be longer than ten years, and states in the certification the country or international organization on whose behalf the guaranty is to be made, the period of the guaranty, and the justification for the longer period.*

CHAPTER 3—MILITARY EXPORT CONTROLS

Sec. 31. Authorization and Aggregate Ceiling on Foreign Military Sales Credits.

(a) There is hereby authorized to be appropriated to the President to carry out this Act not to exceed ~~[\$325,000,000 for the fiscal year 1974]~~ *\$455,000,000 for the fiscal year 1975*. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24 (a) shall not exceed ~~[\$730,000,000 for the fiscal year 1974]~~ *\$872,500,000 for the fiscal year 1975*, of which amount not less than \$300,000,000 shall be available to Israel only. *Of the funds made available under subsection (a) of this section, \$100,000,000 shall first be obligated with respect to financing the procurement of defense articles and defense services by Israel under section 23 of this Act, except that Israel shall be released from contractual liability to repay the United States Government for the defense articles and defense services so financed.*

* * * * *

FOREIGN ASSISTANCE ACT OF 1973

* * * * *

POLITICAL PRISONERS

SEC. 32. It is the sense of Congress that the President should deny any economic or military assistance to the government of any foreign country which practices the internment or imprisonment of that country's citizens for political purposes. *Commencing with respect to 1974, the President shall submit annually to the Speaker of the House of*

Representatives and the Committee on Foreign Relations of the Senate a written report setting forth fully the steps he has taken to carry out this section.

* * * * *

TITLE 22.—FOREIGN RELATIONS AND INTERCOURSE

GORGAS MEMORIAL LABORATORY

Sec. 278. Gorgas Memorial Laboratory; location, acceptance of funds from Latin American countries or other sources

There is hereby authorized to be permanently appropriated for each year, out of any money in the Treasury not otherwise appropriated, the sum of not to exceed ~~["\$500,000"]~~ *\$1,000,000* to be paid to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated (hereinafter referred to as the Gorgas Memorial Institute), for the maintenance and operation by it, of a laboratory to be known as the Gorgas Memorial Laboratory, upon condition (1) that the necessary building or quarters for said laboratory shall be constructed within the five years next ensuing after sections 278 to 278b of this title shall become a law, either upon the site offered by the Republic of Panama therefor, at, or adjacent to, the city of Panama, or upon a site in the Canal Zone to be provided by the United States; and (2) that the said Gorgas Memorial Institute be, and it is, authorized within its discretion, henceforth to accept from any of the Latin American Governments, or from any other sources, any funds which may be offered or given for the use of the Gorgas Memorial Institute for the maintenance and operation of the Gorgas Memorial Laboratory, and for carrying on the work of said Laboratory wherever deemed by the said Institute to be necessary or desirable.

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Calendar No. 1083

93^d CONGRESS
2^d SESSION

S. 3394

[Report No. 93-1134]

IN THE SENATE OF THE UNITED STATES

APRIL 29, 1974

Mr. SPARKMAN (by request) introduced the following bill; which was read twice
and referred to the Committee on Foreign Relations

SEPTEMBER 3, 1974

Reported, under authority of the order of the Senate of August 22, 1974, by
Mr. SPARKMAN, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend the Foreign Assistance Act of 1961, and for other
purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "~~Foreign Assistance Act~~
4 *of 1974*".

5 **TITLE I**

6 **MIDDLE EAST PEACE**

7 ~~SEC. 2.~~ The Foreign Assistance Act of 1961 is amended
8 by adding at the end thereof the following new part:

9 **"PART VI**

10 ~~"SEC. 901. STATEMENT OF POLICY.~~ The Congress
11 recognizes that a peaceful and lasting resolution of the di-

II

1 visive issues that have contributed to tension and conflict
2 between nations in the Middle East is essential to the se-
3 curity of the United States and the cause of world peace.
4 The Congress declares and finds that the United States can
5 and should play a constructive role in securing a just and
6 durable peace in the Middle East by facilitating increased
7 understanding between the Arab nations and Israel, and by
8 assisting the nations in the area in their efforts to achieve
9 economic progress and political stability, which are the es-
10 sential foundations for a just and durable peace. It is the
11 sense of Congress that United States assistance programs in
12 the Middle East should be designed to promote mutual re-
13 spect and security among the nations in the area and to fos-
14 ter a climate conducive to increased economic development,
15 thereby contributing to a community of free, secure, and
16 prospering nations in the Middle East.

17 "SEC. 902. GENERAL AUTHORITY.—The President is
18 thorized to furnish, on such terms and conditions as he may
19 determine, assistance authorized by this Act and credits and
20 guaranties authorized by the Foreign Military Sales Act in
21 order to carry out the purposes of this part.

22 "SEC. 903. ALLOCATIONS.—(a) Of the funds appropri-
23 ated to carry out chapter 2 of part II of this Act, during the
24 fiscal year 1975 up to \$100,000,000 may be made available
25 for military assistance in the Middle East.

1 “(b) Of the funds appropriated to carry out chapter 4
2 of part II of this Act, during the fiscal year 1975 up to
3 \$377,500,000 may be made available for security support-
4 ing assistance in the Middle East.

5 “(c) Of the aggregate ceiling on credits and guaranties
6 established by section 31(b) of the Foreign Military Sales
7 Act, during the fiscal year 1975 up to \$330,000,000 shall
8 be available for countries in the Middle East.

9 “SEC. 904. (a) SPECIAL REQUIREMENTS FUND.—
10 There are authorized to be appropriated to the President for
11 the fiscal year 1975 not to exceed \$100,000,000 to meet
12 special requirements arising from time to time in carrying out
13 the purposes of this part, in addition to funds otherwise avail-
14 able for such purposes. The funds authorized to be appropri-
15 ated by this section shall be available for use by the Presi-
16 dent for assistance authorized by this Act in accordance with
17 the provisions applicable to the furnishing of such assistance.
18 Such funds are authorized to remain available until expended.
19 “(b) The President shall keep the Committee on For-
20 eign Relations and the Committee on Appropriations of the
21 Senate and the Speaker of the House of Representatives cur-
22 rently informed on the programing and obligation of funds
23 under subsection (a).”

24 SEC. 3. Section 620(p) of the Foreign Assistance Act
25 of 1961 is repealed.

1 TITLE II

2 INDOCHINA POSTWAR RECONSTRUCTION

3 SEC. 4. Section 802 of the Foreign Assistance Act of
4 1961 is amended to read as follows:

5 "SEC. 802. AUTHORIZATION.—There are authorized to
6 be appropriated to the President to furnish assistance for
7 relief and reconstruction of South Vietnam, Cambodia, and
8 Laos as authorized by this part, in addition to funds other-
9 wise available for such purposes, for the fiscal year 1974 not
10 to exceed \$504,000,000, and for the fiscal year 1975 not to
11 exceed \$939,800,000 which amounts are authorized to re-
12 main available until expended."

13 TITLE III

14 FOREIGN ASSISTANCE ACT AMENDMENTS

15 DEVELOPMENT ASSISTANCE AUTHORIZATIONS

16 SEC. 5. Section 103 of the Foreign Assistance Act of
17 1961 is amended by striking out the words "\$291,000,000
18 for each of the fiscal years 1974 and 1975" and inserting in
19 lieu thereof "\$291,000,000 for the fiscal year 1974, and
20 \$546,300,000 for the fiscal year 1975".

21 HOUSING GUARANTEES

22 SEC. 6. Section 223 (i) of the Foreign Assistance Act
23 of 1961 is amended by striking out "June 30, 1975" and
24 inserting in lieu thereof "June 30, 1976".

1 INTERNATIONAL ORGANIZATIONS AND PROGRAMS

2 SEC. 7. Section 302(a) of the Foreign Assistance Act
3 of 1961 is amended by striking out the words "for the fiscal
4 year 1975, \$150,000,000" and inserting in lieu thereof "for
5 the fiscal year 1975, \$152,900,000".

6 MILITARY ASSISTANCE

7 SEC. 8. (a) Chapter 2 of part II of the Foreign As-
8 sistance Act of 1961 is amended as follows:

9 (1) In section 504(a), strike out "\$512,500,000
10 for the fiscal year 1974" and insert in lieu thereof
11 "\$985,000,000 for the fiscal year 1975."

12 (2) In section 506(a) —

13 (A) Strike out "the fiscal year 1974" in each
14 place it appears and insert in lieu thereof "the fiscal
15 year 1975"; and

16 (B) At the end of subsection (a) add the
17 following sentence: "Orders not exceeding \$250,-
18 000,000 in value may be issued under this sub-
19 section, upon such determination, during the period
20 of any succeeding fiscal year that precedes the
21 enactment of legislation authorizing appropriations
22 for military assistance for that fiscal year."

23 (3) After section 506, add the following new
24 section:

1 ~~SEC. 507. LIMITATION ON THE GRANT OF EXCESS~~
2 ~~DEFENSE ARTICLES.~~

3 “(a) Except as provided in section 506, the aggregate
4 value of excess defense articles ordered during the fiscal
5 year 1975 under this chapter for foreign countries and inter-
6 national organizations shall not exceed \$150,000,000.

7 “(b) The Secretary of State shall promptly and fully
8 inform the Speaker of the House of Representatives and the
9 Committee on Foreign Relations and the Committee on
10 Appropriations of the Senate of each decision to furnish on a
11 grant basis to any country excess defense articles which are
12 major weapons systems to the extent such major weapons
13 system was not included in the presentation material pre-
14 viously submitted to the Congress. Additionally, the Secre-
15 tary of State shall also submit a quarterly report to the Con-
16 gress listing by country the total value of all deliveries of
17 excess defense articles, disclosing both the aggregate original
18 acquisition cost and the aggregate value at the time of de-
19 livery.”

20 ~~(b) Section 655(c) of the Foreign Assistance Act of~~
21 ~~1961 shall not apply to assistance authorized under any pro-~~
22 ~~vision of law for the fiscal year 1975.~~

23 ~~(c) Section 8 of the Act entitled “An Act to amend the~~
24 ~~Foreign Military Sales Act, and for other purposes”, ap-~~

1 proved January 12, 1971 (84 Stat. 2053), as amended,
2 is repealed, effective July 1, 1974.

3 SECURITY SUPPORTING ASSISTANCE

4 SEC. 9. Section 532 of the Foreign Assistance Act of
5 1961 is amended by striking out "for the fiscal year
6 1974 not to exceed \$125,000,000, of which not less than
7 \$50,000,000 shall be available solely for Israel" and insert-
8 ing in lieu thereof "for the fiscal year 1975 not to exceed
9 \$385,500,000".

10 TITLE IV

11 FOREIGN MILITARY SALES ACT AMENDMENTS

12 SEC. 10. (a) The Foreign Military Sales Act is
13 amended as follows:

14 (1) Section 3(d) is amended to read as follows:

15 "(d) A country shall remain ineligible in accordance
16 with subsection (c) of this section until such time as the
17 President determines that such violation has ceased; that the
18 country concerned has given assurances satisfactory to the
19 President that such violation will not recur, and that, if such
20 violation involved the transfer of sophisticated weapons with-
21 out the consent of the President, such weapons have been
22 returned to the country concerned."

23 (2) In section 24(a) and section 24(b) the paren-
24 thetical phrase in each is amended to read: "(excluding

1 United States Government agencies other than the Fed-
2 eral Financing Bank)".

3 ~~(3)~~ Section 24(e) is amended to read as follows:

4 "(e) Funds made available to carry out this Act shall
5 be obligated in an amount equal to 25 per centum of the
6 principal amount of contractual liability related to any guar-
7 anty issued prior to July 1 1974, under this section. Funds
8 made available to carry out this Act shall be obligated in an
9 amount equal to 10 per centum of the principal amount of
10 contractual liability related to any guaranty issued after
11 June 30, 1974, under this section. All the funds so obligated
12 shall constitute a single reserve for the payment of claims
13 under such guaranties, and only such of the funds in the
14 reserve as may be in excess from time to time of the total
15 principal amount of contractual liability related to all out-
16 standing guaranties under this section shall be deobligated
17 and transferred to the general fund of the Treasury. Any
18 guaranties issued hereunder shall be backed by the full faith
19 and credit of the United States."

20 ~~(4)~~ In section 31—

21 ~~(A)~~ Subsection ~~(a)~~ is amended by striking
22 out "\$325,000,000 for fiscal year 1974" and in-
23 serting in lieu thereof "\$555,000,000 for the fiscal
24 year 1975"; and

25 ~~(B)~~ Subsection ~~(b)~~ is amended by striking out

1 “\$73,000,000 for the fiscal year 1974, of which
2 amount not less than \$300,000,000 shall be avail-
3 able to Israel only” and inserting in lieu thereof
4 \$872,500,000 for the fiscal year 1975.”

5 ~~(5)~~ In section 33—

6 ~~(A)~~ subsection ~~(a)~~ is repealed;

7 ~~(B)~~ subsection ~~(b)~~ is redesignated as subsec-
8 tion ~~(a)~~; and

9 ~~(C)~~ a new subsection ~~(b)~~ is added as follows:

10 ~~“(b)~~ The President may waive the limitations of this
11 section when he determines it to be important to the security
12 of the United States and promptly so reports to the Speaker
13 of the House of Representatives and the Committee on For-
14 eign Relations of the Senate.”

15 ~~(b)~~ Obligations initially charged against appropriations
16 made available for purposes authorized by section 31(a) of
17 the Foreign Military Sales Act after June 30, 1974, and
18 prior to the enactment of the amendment of that Act by
19 paragraph (3) of subsection (a) of this section in an amount
20 equal to 25 per centum of the principal amount of contrac-
21 tual liability related to guaranties issued pursuant to section
22 24(a) of that Act shall be adjusted to reflect such amend-
23 ment with proper credit to the appropriations made available
24 in the fiscal year 1975 to carry out that Act.

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1 *That this Act may be cited as the "Foreign Assistance Act*
2 *of 1974".*

3 *FOOD AND NUTRITION*

4 *SEC. 2. Section 103 of the Foreign Assistance Act of*
5 *1961 is amended—*

6 *(1) by inserting the subsection designation "(a)"*
7 *immediately before "In";*

8 *(2) by striking out "\$291,000,000 for each of the*
9 *fiscal years 1974 and 1975" and inserting in lieu*
10 *thereof "\$291,000,000 for the fiscal year 1974, and*
11 *\$491,000,000 for the fiscal year 1975"; and*

12 *(3) by adding at the end thereof the following:*

13 *"(b) The Congress finds that, due to rising world food,*
14 *fertilizer, and petroleum costs, human suffering and depri-*
15 *vation are growing in the poorest and most slowly develop-*
16 *ing countries. The greatest potential for significantly expand-*
17 *ing world food production at relatively low cost lies in*
18 *increasing the productivity of small farmers who constitute*
19 *a majority of the nearly one billion people living in those*
20 *countries. Increasing the emphasis on rural development and*
21 *expanded food production in the poorest nations of the devel-*
22 *oping world is a matter of social justice as well as an impor-*
23 *tant factor in slowing the rate of inflation in the industrial-*
24 *ized countries. In the allocation of funds under this section,*
25 *special attention should be given to increasing agricultural*

1 *production in the countries with per capita incomes under*
2 *\$300 a year and which are the most severely affected by*
3 *sharp increases in worldwide commodity prices."*

4 *POPULATION PLANNING*

5 *SEC. 3. The Foreign Assistance Act of 1961 is amended*
6 *as follows:*

7 *(1) In section 104, strike out "\$145,000,000 for*
8 *each of the fiscal years 1974 and 1975" and insert in*
9 *lieu thereof "\$145,000,000 for the fiscal year 1974, and*
10 *\$165,000,000 for the fiscal year 1975".*

11 *(2) In section 292, strike out "\$130,000,000" and*
12 *insert in lieu thereof "\$150,000,000".*

13 *EDUCATION AND HUMAN RESOURCES DEVELOPMENT*

14 *SEC. 4. Section 105 of the Foreign Assistance Act of*
15 *1961 is amended by striking out "\$90,000,000 for each of*
16 *the fiscal years 1974 and 1975" and inserting in lieu thereof*
17 *"\$90,000,000 for the fiscal year 1974, and \$92,000,000*
18 *for the fiscal year 1975".*

19 *HOUSING GUARANTIES*

20 *SEC. 5. The Foreign Assistance Act of 1961 is amended*
21 *as follows:*

22 *(1) In section 221, strike out "\$305,000,000" and*
23 *insert in lieu thereof "\$405,000,000".*

24 *(2) In section 223(i), strike out "June 30, 1975"*
25 *and insert in lieu thereof "June 30, 1976".*

1 *INTERNATIONAL ORGANIZATIONS AND PROGRAMS*

2 *SEC. 6. Section 302(a) of the Foreign Assistance Act*
3 *of 1961 is amended by striking out "for the fiscal year 1975,*
4 *\$150,000,000" and inserting in lieu thereof "for the fiscal*
5 *year 1975, \$186,900,000".*

6 *MILITARY ASSISTANCE AUTHORIZATIONS*

7 *SEC. 7. Section 504(a) of the Foreign Assistance Act*
8 *of 1961 is amended by striking out "\$512,500,000 for the*
9 *fiscal year 1974" and inserting in lieu thereof "\$550,000,-*
10 *000 for the fiscal year 1975".*

11 *SPECIAL AUTHORITY*

12 *SEC. 8. Section 506 of the Foreign Assistance Act of*
13 *1961 is repealed.*

14 *MILITARY ASSISTANCE AUTHORIZATIONS FOR SOUTH*

15 *VIETNAM*

16 *SEC. 9. Section 513 of the Foreign Assistance Act of*
17 *1961 is amended as follows:*

18 *(1) Strike out "Thailand and Laos" in the caption*
19 *and insert in lieu thereof "Thailand, Laos, and South*
20 *Vietnam".*

21 *(2) At the end thereof add the following new sub-*
22 *section:*

23 *"(c) After June 30, 1975, no military assistance shall*
24 *be furnished by the United States to South Vietnam directly*
25 *or through any other foreign country unless that assistance*

1 *is authorized under this Act or the Foreign Military Sales*
2 *Act.”*

3 *EXCESS DEFENSE ARTICLES*

4 *SEC. 10. (a) Chapter 2 of part II of the Foreign*
5 *Assistance Act of 1961 is amended by adding at the end*
6 *thereof the following new section:*

7 *“SEC. 514. LIMITATION ON THE GRANT OF EXCESS*
8 *DEFENSE ARTICLES.—(a) The value of any excess defense*
9 *article furnished to a foreign country or international or-*
10 *ganization by any agency of the United States Government*
11 *shall be considered to be an expenditure made from funds*
12 *appropriated under section 504 of this Act. Unless such*
13 *agency certifies to the Comptroller General of the United*
14 *States that the excess defense article it is ordering is not to*
15 *be transferred by any means to a foreign country or inter-*
16 *national organization, when an order is placed for a defense*
17 *article whose stock status is excess at the time ordered, a sum*
18 *equal to the value thereof (less amounts to be transferred*
19 *under section 632(d) of this Act) shall (1) be reserved and*
20 *transferred to a suspense account, (2) remain in the suspense*
21 *account until the excess defense article is either delivered to*
22 *a foreign country or international organization or the order*
23 *therefor is canceled, and (3) be transferred from the suspense*
24 *account to (A) the general fund of the Treasury upon*
25 *delivery of such article, or (B) the appropriation made*

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1 under section 504 of this Act for the current fiscal year upon
2 cancellation of the order. Such sum shall be transferred to
3 the appropriation made under section 504 of this Act for
4 the current fiscal year, upon delivery of such article, if at
5 the time of delivery the stock status of the article is deter-
6 mined in accordance with section 644 (g) or (m) of this Act
7 to be nonexcess.

8 “(b) The President shall promptly and fully inform the
9 Speaker of the House of Representatives and the Committee
10 on Foreign Relations and the Committee on Appropriations
11 of the Senate of each decision to furnish on a grant basis to
12 any country excess defense articles which are major weapons
13 systems to the extent such major weapons system was not in-
14 cluded in the presentation material previously submitted to
15 the Congress. Additionally, the President shall also submit
16 a quarterly report to the Congress listing by country the
17 total value of all deliveries of excess defense articles, disclos-
18 ing both the aggregate original acquisition cost and the aggre-
19 gate value at the time of delivery.”

20 (b) Section 644(m)(1) of the Foreign Assistance Act
21 of 1961 is amended to read as follows:

22 “(1) with respect to an excess defense article, the
23 actual value of the article but not less than $33\frac{1}{3}$ per
24 centum of the amount the United States paid at the time
25 the defense article was acquired by the United States;”.

1 (c) Sections 8 and 11 of the Act entitled "An Act to
2 amend the Foreign Military Sales Act, and for other pur-
3 poses", approved January 12, 1971 (84 Stat. 2053), as
4 amended, are repealed.

5 STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN
6 COUNTRIES

7 SEC. 11. Chapter 2 of part II of the Foreign Assistance
8 Act of 1961, as amended by section 10(a) of this Act, is
9 further amended by adding at the end thereof the following
10 new section:

11 "SEC. 515. STOCKPILING OF DEFENSE ARTICLES FOR
12 FOREIGN COUNTRIES.—(a) Notwithstanding any other pro-
13 vision of law, no funds, other than funds made available under
14 this chapter or section 401(a) of Public Law 89-367 (80
15 Stat. 37), or any subsequent corresponding legislation, may be
16 obligated for the purpose of stockpiling any defense article or
17 war reserve material, including the acquisition, storage, or
18 maintenance of any war reserve equipment, secondary items,
19 or munitions, if such article or material is set aside, reserved,
20 or in any way earmarked or intended for future use by any
21 foreign country under this Act or such section.

22 "(b) The cost of any such article or material set aside,
23 reserved, or in any way earmarked or intended by the Depart-
24 ment of Defense for future use by, for, or on behalf of the
25 country referred to in section 401(a)(1) of Public Law 89-

1 367 (80 Stat. 37) shall be charged against the limitation
2 specified in such section or any subsequent corresponding leg-
3 islation, for the fiscal year in which such article or material
4 is set aside, reserved, or otherwise earmarked or intended;
5 and the cost of any such article or material set aside, reserved,
6 or in any way earmarked or intended for future use by, for,
7 or on behalf of any other foreign country shall be charged
8 against funds authorized under this chapter for the fiscal
9 year in which such article or material is set aside, reserved,
10 or otherwise earmarked. No such article or material may be
11 made available to or for use by any foreign country unless
12 such article or material has been charged against the limita-
13 tion specified in such section, or any subsequent correspond-
14 ing legislation, or against funds authorized under this chap-
15 ter, as appropriate.

16 “(c) This section shall not be construed as conferring
17 any authority to stockpile defense articles or war materials
18 under this Act or such section 401(a), or subsequent corre-
19 sponding legislation.”

20 *MILITARY ASSISTANCE ADVISORY GROUPS AND MISSIONS*

21 *SEC. 12. Chapter 2 of part II of the Foreign Assistance*
22 *Act of 1961, as amended by sections 10(a) and 11 of this*
23 *Act, is further amended by adding at the end thereof the*
24 *following new section:*

25 “*SEC. 516. MILITARY ASSISTANCE ADVISORY*

1 *GROUPS AND MISSIONS.—An amount equal to each sum*
2 *expended under any provision of law, other than section 504*
3 *of this Act, with respect to any military assistance advisory*
4 *group, military mission, or other organization of the United*
5 *States performing activities similar to such group or mission,*
6 *shall be deducted from the funds made available under such*
7 *section 504, and (1) if reimbursement of such amount is*
8 *requested by the agency of the United States Government*
9 *making the expenditure, reimbursed to that agency, or (2)*
10 *if no such reimbursement is requested, deposited in the Treas-*
11 *ury as miscellaneous receipts.”*

12 *TERMINATION OF AUTHORITY*

13 *SEC. 13. (a) Chapter 2 of part II of the Foreign Assist-*
14 *ance Act of 1961, as amended by sections 10(a), 11, and*
15 *12 of this Act, is further amended by adding at the end*
16 *thereof the following new section:*

17 *“SEC. 517. TERMINATION OF AUTHORITY.—(a) (1)*
18 *The President shall gradually reduce assistance (other than*
19 *military training) provided under this chapter so that, not*
20 *later than September 30, 1977, no assistance (other than*
21 *military training) shall be provided under this chapter.*

22 *“(2) Paragraph (1) of this subsection shall not apply*
23 *to funds obligated prior to October 1, 1977.*

24 *“(b) For each of the fiscal years 1975, 1976, and 1977,*

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1 the President is authorized to finance procurements of defense
2 articles and defense services (other than military training)
3 by any foreign country receiving defense articles or defense
4 services during fiscal year 1974 under this chapter on terms
5 providing for payment to the United States Government in
6 United States dollars (1) of the value of such articles and
7 services which value shall not exceed during each such fiscal
8 year the value of such articles and services (other than mili-
9 tary training) furnished that country in fiscal year 1974
10 under this chapter, (2) at a rate of interest of not less than
11 four per centum a year, and (3) within ten years after
12 delivery of the defense articles or rendering of the defense
13 services.

14 “(c)(1) By not later than September 30, 1977, all the
15 functions of a military assistance advisory group, a military
16 mission, or other organization of the United States Govern-
17 ment in a foreign country performing activities similar to
18 any such group or mission, shall be transferred to the Chief
19 of the United States Diplomatic Mission to that country.
20 Upon the transfer of such functions, that group, mission, or
21 organization, as the case may be, shall cease to exist.

22 “(2) On and after October 1, 1977, the total number
23 of military attachés assigned or detailed to the United States
24 Diplomatic Mission of a foreign country shall not exceed by
25 more than twenty-five per centum the total number of military

1 *attachés authorized to be assigned or detailed to that mission*
2 *on June 30, 1974.*

3 *“(3) On and after October 1, 1977, no military assist-*
4 *ance advisory group, military mission, or other organization*
5 *of the United States Government in a foreign country per-*
6 *forming activities similar to any such group or mission, shall*
7 *be established or continued unless such group, mission, or*
8 *organization is authorized by law specifically for that*
9 *country.”*

10 *(b) Effective October 1, 1977—*

11 *(1) the heading of chapter 1 of part II of the For-*
12 *ign Assistance Act of 1961 is amended to read as*
13 *follows:*

14 *“CHAPTER 1—PROVIDING MILITARY TRAINING”;*

15 *(2) sections 501, 502A, 514, and 516, and sub-*
16 *section (g) of section 644, of the Foreign Assistance Act*
17 *of 1961 are repealed;*

18 *(3) section 502 of the Foreign Assistance Act of*
19 *1961 is amended by striking out the caption “Utilization*
20 *of Defense Articles and Services” and inserting in lieu*
21 *thereof “Providing Military Training”, by striking out*
22 *of the text “Defense articles and defense services” and*
23 *inserting in lieu thereof “Military training”, and by*
24 *striking out the last sentence;*

25 *(4) the heading of chapter 2 of part II of the*

1 *Foreign Assistance Act of 1961 is amended to read as*
2 *follows:*

3 *“CHAPTER 2—MILITARY TRAINING”;*

4 *(5) sections 503–505 of the Foreign Assistance Act*
5 *of 1961 are stricken out and the following inserted in*
6 *lieu thereof:*

7 *“SEC. 503. GENERAL AUTHORITY.—The President is*
8 *authorized to furnish, on such terms and conditions consistent*
9 *with this Act as the President may determine, military train-*
10 *ing to any foreign country or international organization.*
11 *Funds for such training shall be appropriated for each fiscal*
12 *year pursuant to authorization for that fiscal year. After*
13 *September 30, 1977, no such training shall be conducted out-*
14 *side the United States except by specific authorization of*
15 *law.”;*

16 *(6) section 511 of the Foreign Assistance Act of*
17 *1961 is amended by striking out of the section caption*
18 *“Assistance” and inserting in lieu thereof “Training”,*
19 *and by striking out of the text “military assistance” and*
20 *“such assistance” and inserting in lieu thereof “military*
21 *training” and “such training”, respectively;*

22 *(7) section 636(g)(1) of the Foreign Assistance*
23 *Act of 1961 is amended by striking out “defense articles*
24 *and defense services on a grant or sales basis” and*
25 *inserting in lieu thereof “military training”; and*

1 (8) section 644(m) of the Foreign Assistance Act
2 of 1961 is amended by striking out subparagraph (1)
3 and by striking out of subparagraphs (2) and (3)
4 “nonexcess” wherever it appears.

5 TERMINATION OF MILITARY ASSISTANCE TO SOUTH KOREA

6 SEC. 14. Chapter 2 of part II of the Foreign Assistance
7 Act of 1961, as amended by sections 10(a), 11, 12, and
8 13(a) of this Act, is further amended by adding at the end
9 thereof the following new section:

10 “SEC. 518. TERMINATION OF MILITARY ASSISTANCE
11 TO SOUTH KOREA.—(a) The total of (1) the amount of
12 funds obligated under this chapter to furnish assistance to
13 South Korea, and (2) the value of excess defense articles
14 furnished to South Korea under this chapter, shall not
15 exceed—

16 “(A) \$91,500,000 during the fiscal year 1975;

17 “(B) \$61,000,000 during the fiscal year 1976;

18 and

19 “(C) \$30,500,000 during the fiscal year 1977.

20 “(b) The aggregate total of credits extended, including
21 participations in credits, and the principal amount of loans
22 guaranteed, under the Foreign Military Sales Act with re-
23 spect to South Korea shall not exceed—

24 “(1) \$42,450,000 during the fiscal year 1975;

1 “(2) \$28,300,000 during the fiscal year 1976;

2 and

3 “(3) \$14,150,000 during the fiscal year 1977.

4 “(c) On and after October 1, 1977, no assistance shall
5 be furnished South Korea under this chapter, and no credits,
6 including participations in credits, shall be extended, and no
7 loans shall be guaranteed, under the Foreign Military Sales
8 Act with respect to South Korea. The preceding sentence shall
9 not apply with respect to funds obligated prior to such date.”

10 SECURITY SUPPORTING ASSISTANCE

11 SEC. 15. Section 532 of the Foreign Assistance Act of
12 1961 is amended by striking out “for the fiscal year 1974
13 not to exceed \$125,000,000, of which not less than \$50,000,-
14 000 shall be available solely for Israel” and inserting in
15 lieu thereof “for the fiscal year 1975 not to exceed
16 \$585,500,000”.

17 TRANSFER BETWEEN ACCOUNTS

18 SEC. 16. (a) Section 610 of the Foreign Assistance Act
19 of 1961 is amended as follows:

20 (1) In subsection (a), immediately after “any other
21 provision of this Act”, insert “(except funds made avail-
22 able under chapter 2 of part II of this Act)”.

23 (2) Add at the end thereof the following new sub-
24 section:

1 “(c) Any funds which the President has notified Con-
2 gress pursuant to section 653 that he intends to provide in
3 military assistance to any country may be transferred to, and
4 consolidated with, any other funds he has notified Congress
5 pursuant to such section that he intends to provide to that
6 country for development assistance purposes.”

7 (b)(1) Section 614 of such Act is repealed.

8 (2) Such Act is further amended as follows:

9 (A) In section 109, strike out “sections 610 (a) and
10 614 (a)” and insert in lieu thereof “section 610 (a)”.

11 (B) In section 201 (c), strike out the comma and
12 “nor may the authority of section 614 (a) be used to
13 waive the requirements of this title”.

14 (C) Section 251 (c) is amended to read as follows:

15 “(c) The authority of section 610 may be used to trans-
16 fer funds made available for this title only to funds made
17 available for title I of this chapter.”

18 (D) Section 302 (b) (2) is amended by striking
19 out “or 614 (a)”.

20 (E) Section 610(b) is amended by striking out
21 “sections 451, 506, and 614” and inserting in lieu
22 thereof “section 451”.

23 (F) Section 634(d) is amended by striking out “or
24 614(b)”.

1 (G) Section 652 is amended by striking out "section
2 506(a), 610(a), or 614" and inserting in lieu thereof
3 "section 610(a)".

4 (H) Section 653(b) is amended by striking out
5 "and may not be waived under the provisions of section
6 614(a) of this Act".

7 ACCESS TO CERTAIN MILITARY BASES ABROAD

8 SEC. 17. (a) Chapter 3 of part III of the Foreign As-
9 sistance Act of 1961 is amended by adding at the end thereof
10 the following new section:

11 "SEC. 659. ACCESS TO CERTAIN MILITARY BASES
12 ABROAD.—None of the funds authorized to be appropriated
13 for foreign assistance (including foreign military sales, credit
14 sales, and guaranties) under any law may be used to pro-
15 vide any kind of assistance to any foreign country in which
16 a military base is located if—

17 "(1) such base was constructed or is being main-
18 tained or operated with funds furnished by the United
19 States; and

20 "(2) personnel of the United States carry out mili-
21 tary operations from such base;
22 unless and until the President has determined that the gov-
23 ernment of such country has, consistent with security au-
24 thorized access, on a regular basis, to bona fide news media
25 correspondents of the United States to such military base."

1 (b) *Section 29 of the Foreign Assistance Act of 1973*
2 *is repealed.*

3 *PROHIBITING POLICE TRAINING*

4 *SEC. 18. (a) Chapter 3 of part III of the Foreign*
5 *Assistance Act of 1961, as amended by section 17(a) of this*
6 *Act, is further amended by adding at the end thereof the*
7 *following new section:*

8 *"SEC. 660. PROHIBITING POLICE TRAINING.—(a)*
9 *None of the funds made available to carry out this Act, and*
10 *none of the local currencies generated under this Act, shall*
11 *be used to provide training or advice, or provide any financial*
12 *support, for police, prisons, or other internal security forces*
13 *for any foreign government or any program of internal in-*
14 *telligence or surveillance on behalf of any foreign government*
15 *within the United States or abroad.*

16 *"(b) Subsection (a) of this section shall not apply—*
17 *"(1) with respect to assistance rendered under sec-*
18 *tion 515(c) of the Omnibus Crime Control and Safe*
19 *Streets Act of 1968, or with respect to any authority of*
20 *the Drug Enforcement Administration or the Federal*
21 *Bureau of Investigation which related to crimes of the*
22 *nature which are unlawful under the laws of the United*
23 *States; or*

24 *"(2) to any contract entered into prior to the date*

1 of enactment of this section with any person, organiza-
2 tion, or agency of the United States Government to pro-
3 vide personnel to conduct, or assist in conducting, any
4 such program.

5 Notwithstanding clause (2), subsection (a) shall apply to
6 any renewal or extension of any contract referred to in such
7 paragraph entered into on or after such date of enactment."

8 (b) Section 112 of such Act of 1961 is repealed.

9 LIMITATIONS UPON ASSISTANCE TO OR FOR CHILE

10 SEC. 19. Notwithstanding any other provision of law,
11 the total amount of assistance that may be made available for
12 Chile under this or any other law during fiscal year 1975
13 may not exceed \$65,000,000, of which amount not to exceed
14 \$10,000,000 may be made available for the purpose of
15 providing military assistance (including credit sales and the
16 face amount of guaranties).

17 POLICY WITH RESPECT TO INDOCHINA

18 SEC. 20. (a) The Congress finds that the cease-fire pro-
19 vided for in the Paris Agreement on Ending the War and
20 Restoring Peace in Vietnam has not been observed by any of
21 the Vietnamese parties to the conflict. Military operations of
22 an offensive and defensive nature continue throughout South
23 Vietnam. In Cambodia, the civil war between insurgent forces
24 and the Lon Nol government has intensified, resulting in

1 *widespread human suffering and the virtual destruction of*
2 *the Cambodian economy.*

3 *(b) The Congress further finds that continuation of the*
4 *military struggles in South Vietnam and Cambodia are not*
5 *in the interest of the parties directly engaged in the conflicts,*
6 *the people of Indochina, or world peace. In order to lessen the*
7 *human suffering in Indochina and to bring about a genuine*
8 *peace there, the Congress urges and requests the President*
9 *and the Secretary of State to undertake immediately the fol-*
10 *lowing measures:*

11 *(1) to initiate negotiations with representatives of*
12 *the Soviet Union and the People's Republic of China to*
13 *arrange a mutually agreed-upon and rapid de-escalation*
14 *of military assistance on the part of the three principal*
15 *suppliers of arms and material to all Vietnamese and*
16 *Cambodian parties engaged in conflict;*

17 *(2) to urge by all available means that the Govern-*
18 *ment of the Khmer Republic enter into negotiations with*
19 *representatives of the Khmer Government of National*
20 *Union for the purpose of arranging an immediate cease-*
21 *fire and political settlement of the conflict; and to use all*
22 *available means to establish contact with the Khmer Gov-*
23 *ernment of National Union and to urge them to partici-*
24 *pate in such negotiations. The United States should urge*

1 *all Cambodian parties to use the good offices of the United*
2 *Nations or a respected third country for the purpose of*
3 *bringing an end to hostilities and reaching a political*
4 *settlement;*

5 *(3) to utilize any public or private forum to nego-*
6 *tiate directly with representatives of the Democratic Re-*
7 *public of Vietnam, the Provisional Revolutionary Gov-*
8 *ernment, and the Republic of Vietnam to seek a new*
9 *cease-fire in Vietnam and full compliance with the provi-*
10 *sions of the Paris Agreement on Ending the War and*
11 *Restoring Peace in Vietnam, including a full accounting*
12 *for Americans missing in Indochina;*

13 *(4) to reconvene the Paris Conference to seek full*
14 *implementation of the provisions of the Agreement of*
15 *January 27, 1973, on the part of all Vietnamese parties*
16 *to the conflict; and*

17 *(5) to maintain regular and full consultation with*
18 *the appropriate committees of the Congress and report to*
19 *the Congress and the Nation at regular intervals on the*
20 *progress toward obtaining a total cessation of hostilities*
21 *in Indochina and a mutual reduction of military assist-*
22 *ance to that area.*

23 *PRINCIPLES GOVERNING ECONOMIC AID TO INDOCHINA*

24 *SEC. 21. (a) Congress finds that, after expending over*
25 *a billion dollars in funds for economic purposes in Indo-*

1 china last year, and vast amounts in previous years, little
2 in lasting economic benefit remains. A large proportion of
3 the funds expended have been used for consumable items
4 related to the war effort. Very little of our money has found
5 its way into capital investments of a lasting productive bene-
6 fit to the people. Congress calls upon the President and Sec-
7 retary of State to take immediately the following actions
8 designed to maximize the benefit of United States economic
9 assistance:

10 (1) to organize a consortium to include multilateral
11 financial institutions to help plan for Indochina recon-
12 struction and development; to coordinate multilateral
13 and bilateral contributions to the area's economic recov-
14 ery; and to provide continuing advice to the recipient
15 nations on the use of their own and outside resources;

16 (2) to develop, in coordination with the recipient
17 governments, other donors, and the multilateral financial
18 institutions, a comprehensive plan for Indochina recon-
19 struction and economic development;

20 (3) to develop country-by-country reconstruction
21 and developments plans, including detailed plans for the
22 development of individual economic sectors, that can be
23 used to identify and coordinate specific economic develop-
24 ment projects and programs and to direct United States
25 resources into areas of maximum benefits;

1 (4) to shift the emphasis of United States aid pro-
2 grams from consumption-oriented expenditures to eco-
3 nomic development;

4 (5) to identify possible structural economic reforms
5 in areas such as taxation, exchange rates, savings mech-
6 anisms, internal pricing, income distribution, land tenure,
7 budgetary allocations and corruption, which should be
8 undertaken if Indochinese economic development is to
9 progress; and

10 (6) to include in Indochina economic planning and
11 programming specific performance criteria and stand-
12 ards which will enable the Congress and the executive
13 branch to judge the adequacy of the recipients' efforts
14 and to determine whether, and what amounts of, con-
15 tinued United States funding is justified.

16 (b) This section is not meant to imply continuation of a
17 United States financial commitment beyond the authorization
18 provided for in this Act or amendments made by this Act.

19 INDOCHINA POSTWAR RECONSTRUCTION

20 SEC. 22. Section 802 of the Foreign Assistance Act of
21 1961 is amended to read as follows:

22 "SEC. 802. AUTHORIZATION.—There are authorized to
23 be appropriated to the President to furnish assistance for the
24 relief and reconstruction of South Vietnam, Cambodia, and

1 *Laos as authorized by this part, in addition to funds other-*
2 *wise available for such purposes, for the fiscal year 1974 not*
3 *to exceed \$504,000,000, and for the fiscal year 1975 not*
4 *to exceed \$550,000,000. Of the amount appropriated for*
5 *fiscal year 1975—*

6 *“(1) \$420,000,000 shall be available only for the*
7 *relief and reconstruction of South Vietnam in accordance*
8 *with section 806 of this Act;*

9 *“(2) \$70,000,000 shall be available only for the*
10 *relief and reconstruction of Cambodia in accordance*
11 *with section 807 of this Act;*

12 *“(3) \$45,000,000 shall be available only for the*
13 *relief and reconstruction of Laos in accordance with*
14 *section 808 of this Act;*

15 *“(4) \$3,750,000 shall be available only for the*
16 *regional development program; and*

17 *“(5) \$11,250,000 shall be available only for sup-*
18 *port costs for the agency primarily responsible for carry-*
19 *ing out this part.*

20 *Such amounts are authorized to remain available until*
21 *expended.”*

22 *ASSISTANCE TO SOUTH VIETNAMESE CHILDREN*

23 *SEC. 23. Section 803 of the Foreign Assistance Act of*
24 *1961 is amended as follows:*

1 (1) In subsection (a), strike out "rights, particu-
2 larly children fathered by United States citizens" and
3 insert in lieu thereof "rights".

4 (2) In subsection (b), between the second and third
5 sentences, insert the following: "Of the sums made avail-
6 able for South Vietnam under section 802(1) of this
7 Act for fiscal year 1975, \$10,000,000, or its equivalent
8 in local currency, shall be available until expended solely
9 to carry out this section."

10 LIMITATIONS WITH RESPECT TO SOUTH VIETNAM

11 SEC. 24. Part V of the Foreign Assistance Act of 1961
12 is amended by adding at the end thereof the following new
13 section:

14 "SEC. 806. LIMITATIONS WITH RESPECT TO SOUTH
15 VIETNAM.—(a) Notwithstanding any other provision of law,
16 no funds authorized to be appropriated by this or any other
17 law may be obligated in any amount in excess of \$1,280,-
18 000,000 during the fiscal year ending June 30, 1975, for
19 the purpose of carrying out directly or indirectly any eco-
20 nomic or military assistance, or any operation, project, or
21 program of any kind, or for providing any goods, supplies,
22 materials, equipment, services, personnel, or advisers in, to,
23 for, or on behalf of South Vietnam. Of that amount, there
24 shall be available during such fiscal year—

25 "(1) \$700,000,000 for military assistance;

1 “(2) \$160,000,000 only to carry out the Agricul-
2 tural Trade Development and Assistance Act of 1954;
3 and

4 “(3) \$420,000,000 only for economic assistance,
5 of which there shall be available—

6 “(A) \$95,000,000 for humanitarian assistance,
7 of which there shall be available—

8 “(i) \$66,500,000 for refugee relief;

9 “(ii) \$8,200,000 for child care;

10 “(iii) \$10,300,000 for health care; and

11 “(iv) \$10,000,000 for the City-to-Farm
12 program;

13 “(B) \$188,000,000 for agricultural assistance,
14 of which there shall be available—

15 “(i) \$150,000,000 for fertilizer, POL,
16 and pesticides;

17 “(ii) \$20,000,000 for rural credit;

18 “(iii) \$10,000,000 for canal dredging;

19 “(iv) \$4,000,000 for low-lift pumps; and

20 “(v) \$4,000,000 for fish farm development;

21 “(C) \$95,600,000 for industrial development
22 assistance, of which there shall be available—

23 “(i) \$85,000,000 for commodities;

24 “(ii) \$10,000,000 for industrial credit;

25 and

1 “(iii) \$600,000 for development planning;

2 and

3 “(D) \$41,400,000 for miscellaneous assistance,

4 of which there shall be available—

5 “(i) \$30,000,000 for transportation; and

6 “(ii) \$11,400,000 for technical support.

7 “(b)(1) No funds made available under paragraph
8 (2) or (3) of subsection (a) may be transferred to, or con-
9 solidated with, the funds made available under any other
10 paragraph of such subsection, nor may any funds made
11 available under subparagraph (A), (B), (C), or (D) of
12 paragraph (3) of subsection (a) of this section be trans-
13 ferred to, or consolidated with, the funds made available
14 under any other such subparagraph.

15 “(2) Whenever the President determines it to be neces-
16 sary in carrying out this part, any funds made available
17 under any clause of subparagraph (A), (B), (C), or (D)
18 of subsection (a) of this section may be transferred to, and
19 consolidated with, the funds made available under any other
20 clause of that same subparagraph.

21 “(3) The President shall fully inform the Speaker of
22 the House of Representatives and the Committee on Foreign
23 Relations of the Senate of each transfer he intends to make
24 under paragraph (2) of this subsection prior to making such
25 transfer.

1 “(c) In computing the \$1,280,000,000 limitation on
2 obligational authority under subsection (a) of this section
3 with respect to such fiscal year, there shall be included in the
4 computation the value of any goods, supplies, materials,
5 equipment, services, personnel, or advisers provided to, for,
6 or on behalf of South Vietnam in such fiscal year by gift,
7 donation, loan, lease, or otherwise. For the purpose of this
8 subsection, ‘value’ means the fair market value of any goods,
9 supplies, materials, or equipment provided to, for, or on
10 behalf of South Vietnam but in no case less than $33\frac{1}{3}$ per
11 centum of the amount the United States paid at the time such
12 goods, supplies, materials, or equipment were acquired by
13 the United States.

14 “(d) No funds may be obligated for any of the purposes
15 described in subsection (a) of this section in, to, for, or on
16 behalf of South Vietnam in any fiscal year beginning after
17 June 30, 1975, unless such funds have been specifically au-
18 thorized by law enacted after the date of enactment of this
19 section. In no case shall funds in any amount in excess of the
20 amount specifically authorized by law for any fiscal year
21 be obligated for any such purpose during such fiscal year.

22 “(e) After the date of enactment of this section, whenever
23 any request is made to the Congress for the appropriation
24 of funds for use in, to, for, or on behalf of South Vietnam for
25 any fiscal year, the President shall furnish a written report

1 to the Congress explaining the purpose for which such funds
2 are to be used in such fiscal year.

3 “(f) The President shall submit to the Congress within
4 thirty days after the end of each quarter of each fiscal year,
5 beginning with the fiscal year which begins July 1, 1974, a
6 written report showing the total amount of funds obligated
7 in, to, for, or on behalf of South Vietnam during the preced-
8 ing quarter by the United States Government, and shall
9 include in such report a general breakdown of the total
10 amount obligated, describing the different purposes for which
11 such funds were obligated and the total amount obligated
12 for such purpose.

13 “(g)(1) Effective six months after the date of enact-
14 ment of this section, the total number of civilian officers and
15 employees, including contract employees, of executive agencies
16 of the United States Government who are citizens of the
17 United States and of members of the Armed Forces of the
18 United States present in South Vietnam shall not at any one
19 time exceed four thousand, not more than two thousand five
20 hundred of whom shall be members of such armed forces and
21 direct hire and contract employees of the Department of
22 Defense. Effective one year after the date of enactment of
23 this section, such total number shall not exceed at any one
24 time three thousand, not more than one thousand five hundred

1 of whom shall be members of such armed forces and direct
2 hire and contract employees of the Department of Defense.

3 “(2) Effective six months after the date of enactment of
4 this section, the United States shall not, at any one time, pay
5 in whole or in part, directly or indirectly, the compensation or
6 allowances of more than eight hundred individuals in South
7 Vietnam who are citizens of countries other than South Viet-
8 nam or the United States. Effective one year after the date of
9 enactment of this section, the total number of individuals
10 whose compensation or allowance is so paid shall not exceed
11 at any one time five hundred.

12 “(3) For purposes of this subsection, ‘executive agency
13 of the United States Government’ means any agency, depart-
14 ment, board, wholly or partly owned corporation, instru-
15 mentality, commission, or establishment within the executive
16 branch of the United States Government.

17 “(h) This section shall not be construed as a commitment
18 by the United States to South Vietnam for its defense.”

19 *LIMITATIONS WITH RESPECT TO CAMBODIA*

20 *SEC. 25. (a) Part V of the Foreign Assistance Act of*
21 *1961, as amended by section 24 of this Act, is further*
22 *amended by adding at the end thereof the following new*
23 *section:*

24 “*SEC. 807. LIMITATIONS WITH RESPECT TO CAM-*
25 *BODIA.—(a) Notwithstanding any other provision of law, no*

1 funds authorized to be appropriated by this or any other law
2 may be obligated in any amount in excess of \$347,000,000
3 during the fiscal year ending June 30, 1975, for the pur-
4 pose of carrying out directly or indirectly any economic or
5 military assistance, or any operation, project, or program of
6 any kind, or for providing any goods, supplies, materials,
7 equipment, services, personnel, or advisers in, to, for, or on
8 behalf of Cambodia. Of that amount, there shall be
9 available—

10 “(1) \$200,000,000 for military assistance;

11 “(2) \$77,000,000 only to carry out the Agricul-
12 tural Trade Development and Assistance Act of 1954;
13 and

14 “(3) \$70,000,000 only for economic assistance, of
15 which there shall be available—

16 “(A) \$20,000,000 for humanitarian assist-
17 ance;

18 “(B) \$31,000,000 for commodity import as-
19 sistance;

20 “(C) \$17,500,000 for multilateral stabiliza-
21 tion assistance; and

22 “(D) \$1,500,000 for technical support and par-
23 ticipant training.

24 “(b) No funds made available under paragraph (2)
25 or (3) of subsection (a) of this section may be transferred

1 to, or consolidated with, the funds made available under any
2 other paragraph of such subsection, nor may any funds made
3 available under any subparagraph of paragraph (3) of sub-
4 section (a) of this section be transferred to, or consolidated
5 with, the funds made available under any other such
6 subparagraph.

7 “(c) In computing the \$347,000,000 limitation on obli-
8 gation authority under subsection (a) of this section with
9 respect to such fiscal year, there shall be included in the compu-
10 tation the value of any goods, supplies, materials, equipment,
11 services, personnel, or advisers provided to, for, or on behalf
12 of Cambodia in such fiscal year by gift, donation, loan, lease
13 or otherwise. For the purpose of this subsection, ‘value’
14 means the fair market value of any goods, supplies, ma-
15 terials, or equipment provided to, for, or on behalf of
16 Cambodia but in no case less than 33⅓ per centum of the
17 amount the United States paid at the time such goods, sup-
18 plies, materials, or equipment were acquired by the United
19 States.

20 “(d) No funds may be obligated for any of the purposes
21 described in subsection (a) of this section in, to, for, or on
22 behalf of Cambodia in any fiscal year beginning after June
23 30, 1975, unless such funds have been specifically authorized
24 by law enacted after the date of enactment of this section. In
25 no case shall funds in any amount in excess of the

1 *amount specifically authorized by law for any fiscal year be*
2 *obligated for any such purpose during such fiscal year.*

3 “(e) *After the date of enactment of this section, when-*
4 *ever any request is made to the Congress for the appropria-*
5 *tion of funds for use in, to, for, or on behalf of Cambodia for*
6 *any fiscal year, the President shall furnish a written report*
7 *to the Congress explaining the purpose for which such funds*
8 *are to be used in such fiscal year.*

9 “(f) *The President shall submit to the Congress within*
10 *thirty days after the end of each quarter of each fiscal year,*
11 *beginning with the fiscal year which begins July 1, 1974, a*
12 *written report showing the total amount of funds obligated*
13 *in, to, for, or on behalf of Cambodia during the preceding*
14 *quarter by the United States Government, and shall include*
15 *in such report a general breakdown of the total amount obli-*
16 *gated, describing the different purposes for which such funds*
17 *were obligated and the total amount obligated for such*
18 *purpose.*

19 “(g)(1) *The total number of civilian officers and em-*
20 *ployees, including contract employees, of executive agencies*
21 *of the United States Government who are citizens of the*
22 *United States and of members of the Armed Forces of the*
23 *United States (excluding such members while actually en-*
24 *gaged in air operations in or over Cambodia which originate*

1 outside Cambodia) present in Cambodia at any one time
2 shall not exceed two hundred. Effective six months after the
3 date of enactment of this subsection, such total number shall
4 not exceed at any one time one hundred and seventy-five.

5 “(2) The United States shall not, at any one time, pay in
6 whole or in part, directly or indirectly, the compensation or
7 allowances of more than eighty-five individuals in Cambodia
8 who are citizens of countries other than Cambodia or the
9 United States. Effective six months after the date of enact-
10 ment of this section, the total number of individuals whose
11 compensation or allowance is so paid shall not exceed at any
12 one time seventy-five.

13 “(3) For purposes of this subsection, ‘executive agency of
14 the United States Government’ means any agency, depart-
15 ment, board, wholly or partly owned corporation, instru-
16 mentality, commission, or establishment within the execu-
17 tive branch of the United States Government.

18 “(4) This subsection shall not be construed to apply with
19 respect to any individual in Cambodia who (A) is an em-
20 ployee or volunteer worker of a voluntary private, nonprofit
21 relief organization or is an employee or volunteer worker of
22 the International Committee of the Red Cross, and (B)
23 engages only in activities providing humanitarian assistance
24 in Cambodia.

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1 “(h) This section shall not be construed as a commitment
2 by the United States to Cambodia for its defense.”

3 (b) Sections 655 and 656 of such Act are repealed.

4 LIMITATIONS WITH RESPECT TO LAOS

5 SEC. 26. Part V of the Foreign Assistance Act of 1961,
6 as amended by sections 24 and 25(a) of this Act, is further
7 amended by adding at the end thereof the following new
8 section:

9 “SEC. 808. LIMITATIONS WITH RESPECT TO LAOS.—

10 (a) Notwithstanding any other provision of law, no funds
11 authorized to be appropriated by this or any other law may
12 be obligated in any amount in excess of \$100,000,000 during
13 the fiscal year ending June 30, 1975, for the purpose of
14 carrying out directly or indirectly any economic or military
15 assistance, or any operation, project, or program of any kind,
16 or for providing any goods, supplies, materials, equipment,
17 services, personnel, or advisers in, to, for, or on behalf of
18 Laos. Of that amount, there shall be available—

19 “(1) \$55,000,000 for military assistance; and

20 “(2) \$45,000,000 only for economic assistance, of
21 which there shall be available—

22 “(A) \$13,000,000 for humanitarian assist-
23 ance:

24 “(B) \$9,900,000 for reconstruction and de-
25 velopment assistance;

1 “(C) \$17,500,000 for stabilization assistance;
2 and

3 “(D) \$4,600,000 for technical support.

4 “(b) No funds made available under paragraph (2)
5 of subsection (a) of this section may be transferred to, or
6 consolidated with, the funds made available under paragraph
7 (1) of such subsection, nor may any funds made available
8 under any subparagraph of paragraph (2) be transferred
9 to, or consolidated with, the funds made available under any
10 other such subparagraph.

11 “(c) In computing the limitations on obligation authority
12 under subsection (a) of this section with respect to such fiscal
13 year, there shall be included in the computation the value of
14 any goods, supplies, materials, equipment, services, personnel,
15 or advisers provided, to, for, or on behalf of Laos in such
16 fiscal year by gift, donation, loan, lease or otherwise. For the
17 purpose of this subsection, ‘value’ means the fair market value
18 of any goods, supplies, materials, or equipment provided to,
19 for, or on behalf of Laos but in no case less than $33\frac{1}{3}$ per
20 centum of the amount the United States paid at the time such
21 goods, supplies, materials, or equipment were acquired by
22 the United States.

23 “(d) No funds may be obligated for any of the purposes
24 described in subsection (a) of this section in, to, for, or on
25 behalf of Laos in any fiscal year beginning after June 30,

1 1975, unless such funds have been specifically authorized by
2 law enacted after the date of enactment of this section. In no
3 case shall funds in any amount in excess of the amount
4 specifically authorized by law for any fiscal year be obligated
5 for any such purpose during such fiscal year.

6 “(e) After the date of enactment of this section, when-
7 ever any request is made to the Congress for the appropri-
8 tion of funds for use in, to, for, or on behalf of Laos, for any
9 fiscal year, the President shall furnish a written report to the
10 Congress explaining the purpose for which such funds are to
11 be used in such fiscal year.

12 “(f) The President shall submit to the Congress within
13 thirty days after the end of each quarter of each fiscal year
14 beginning with the fiscal year which begins July 1, 1974, a
15 written report showing the total amount of funds obligated in,
16 to, for, or on behalf of Laos during the preceding quarter by
17 the United States Government and shall include in such re-
18 port a general breakdown of the total amount obligated, de-
19 scribing the different purposes for which such funds were
20 obligated and the total amount obligated for such purpose.

21 “(g) This section shall not be construed as a commit-
22 ment by the United States to Laos for its defense.”

23 TRANSFER OF FUNDS

24 SEC. 27. Part V of the Foreign Assistance Act of 1961,
25 as amended by sections 24, 25(a), and 26 of this Act, is

1 further amended by adding at the end thereof the following
2 new section:

3 "SEC. 809. TRANSFER OF FUNDS.—(a) The authority
4 of section 610 of this Act shall not apply with respect to
5 any funds made available to South Vietnam, Cambodia, or
6 Laos.

7 "(b) Any funds made available under any provision of
8 this or any other law for the purpose of providing military
9 assistance for South Vietnam, Laos, or Cambodia may be
10 transferred to, and consolidated with, any funds made
11 available to that country for war relief, reconstruction, or
12 general economic development."

13 MIDDLE EAST ASSISTANCE

14 SEC. 28. (a) The Foreign Assistance Act of 1961 is
15 amended by adding at the end thereof the following new
16 part:

17 "PART VI

18 "SEC. 901. GENERAL AUTHORITY FOR ASSISTANCE
19 TO THE MIDDLE EAST.—The President is authorized under
20 section 902 of this Act to furnish, by loan or grant, assistance
21 authorized by this Act, and to provide credits and guaranties
22 authorized by the Foreign Military Sales Act. Any such as-
23 sistance, credits, and guaranties shall be provided in accord-
24 ance with all the purposes and limitations applicable to that

1 *type of assistance under this Act and applicable to credits*
2 *and guaranties under the Foreign Military Sales Act.*

3 “*SEC. 902. ALLOCATIONS.—(a) Of the funds appropri-*
4 *ated to carry out chapter 2 of part II of this Act during the*
5 *fiscal year 1975, not to exceed \$100,000,000 may be made*
6 *available for military assistance in the Middle East.*

7 “*(b) Of the funds appropriated to carry out chapter 4*
8 *of part II of this Act during the fiscal year 1975, not to ex-*
9 *ceed \$577,500,000 may be made available for security sup-*
10 *porting assistance in the Middle East.*

11 “*(c) Of the aggregate ceiling on credits and guaranties*
12 *established by section 31(b) of the Foreign Military Sales*
13 *Act during the fiscal year 1975, not to exceed \$330,000,000*
14 *shall be available for countries in the Middle East.*

15 “*SEC. 903. (a) SPECIAL REQUIREMENTS FUND.—*
16 *There are authorized to be appropriated to the President for*
17 *the fiscal year 1975 not to exceed \$100,000,000 to meet*
18 *special requirements arising from time to time for the pur-*
19 *pose of providing any type of assistance authorized by part*
20 *I of this Act, in addition to funds otherwise available for such*
21 *purpose. The funds authorized to be appropriated by this*
22 *section shall be available for use by the President for assist-*
23 *ance authorized by this Act in accordance with the provisions*
24 *applicable to the furnishing of such assistance. Such funds*
25 *are authorized to remain available until expended.*

1 “(b) The President shall keep the Committee on Foreign
2 Relations and the Committee on Appropriations of the Senate
3 and the Speaker of the House of Representatives currently
4 informed on the programing and obligation of funds under
5 subsection (a).

6 “(c)(1) Prior to obligating any amount in excess of
7 \$1,000,000 from funds made available under this section,
8 the President shall transmit a written report to the Speaker
9 of the House of Representatives and the Committee on For-
10 eign Relations of the Senate on the same day giving a
11 complete explanation with respect to such proposed obligation.
12 Each report shall include an explanation relating to only
13 one proposed obligation.

14 “(2)(A) The President may make such obligation
15 thirty days after the report has been so transmitted unless,
16 before the end of the first period of thirty calendar days of
17 continuous session of Congress after the date on which the
18 report is transmitted, either House adopts a resolution disap-
19 proving the proposed obligation with respect to which the
20 report is made.

21 “(B) For purposes of subparagraph (A) of this para-
22 graph—

23 “(i) the continuity of a session is broken only by
24 an adjournment of the Congress sine die; and

25 “(ii) the days on which either House is not in

1 *session because of an adjournment of more than three*
2 *days to a day certain are excluded in the computation*
3 *of the thirty-day period.*

4 *“(3) Paragraphs (4) through (11) of this subsection*
5 *are enacted by Congress—*

6 *“(A) as an exercise of the rulemaking power of the*
7 *Senate and the House of Representatives, respectively,*
8 *and as such they are deemed a part of the rules of each*
9 *House, respectively, but applicable only with respect to*
10 *the procedure to be followed in the House in the case of*
11 *resolutions described by this subsection; and they super-*
12 *sede other rules only to the extent that they are inconsis-*
13 *ent therewith; and*

14 *“(B) with full recognition of the constitutional right*
15 *of either House to change the rules (so far as relating*
16 *to the procedure of that House) at any time, in the same*
17 *manner, and to the same extent as in the case of any*
18 *other rule of that House.*

19 *“(4) For purposes of paragraphs (2) through (11)*
20 *of this subsection, ‘resolution’ means only a resolution of*
21 *either House of Congress, the matter after the resolving*
22 *clause of which is as follows: ‘That the ———— does*
23 *not approve the obligation for ———— and explained in*
24 *the report transmitted to Congress by the President on*
25 *———, 19——’, the first blank space therein being filled*

1 with the name of the resolving House, the second blank space
2 therein being filled with the name of the foreign country or
3 organization on whose behalf the obligation is to be incurred,
4 and the other blank spaces therein being appropriately filled
5 with the date of the transmittal of the report; but does not
6 include a resolution specifying more than one proposed
7 obligation.

8 “(5) If the committee, to which has been referred a
9 resolution disapproving a proposed obligation, has not re-
10 ported the resolution at the end of ten calendar days after its
11 introduction, it is in order to move either to discharge the
12 committee from further consideration of the resolution or to
13 discharge the committee from further consideration of any
14 other resolution with respect to the same obligation which
15 has been referred to the committee.

16 “(6) A motion to discharge may be made only by an
17 individual favoring the resolution, is highly privileged (except
18 that it may not be made after the committee has reported a
19 resolution with respect to the same proposed obligation), and
20 debate thereon is limited to not more than one hour, to be
21 divided equally between those favoring and those opposing the
22 resolution. An amendment to the motion is not in order, and
23 it is not in order to move to reconsider the vote by which the
24 motion is agreed to or disagreed to.

25 “(7) If the motion to discharge is agreed to, or dis-

1 agreed to, the motion may not be renewed, nor may another
2 motion to discharge the committee be made with respect to
3 any other resolution with respect to the same obligation.

4 “(8) When the committee has reported, or has been dis-
5 charged from further consideration of, a resolution with
6 respect to an obligation, it is at any time thereafter in
7 order (even though a previous motion to the same effect has
8 been disagreed to) to move to proceed to the consideration
9 of the resolution. The motion is highly privileged and is not
10 debatable. An amendment to the motion is not in order, and
11 it not in order to move to reconsider the vote by which the
12 motion is agreed to or disagreed to.

13 “(9) Debate on the resolution is limited to not more than
14 two hours, to be divided equally between those favoring and
15 those opposing the resolution. A motion further to limit debate
16 is not debatable. An amendment to, or motion to recommit,
17 the resolution is not in order, and it is not in order to move to
18 reconsider the vote by which the resolution is agreed to or
19 disagreed to.

20 “(10) Motions to postpone, made with respect to the
21 discharge from committee, or the consideration of, a resolu-
22 tion with respect to an obligation, and motions to proceed to
23 the consideration of other business, are decided without
24 debate.

25 “(11) Appeals from the decisions of the Chair relating

1 to the application of the rules of the Senate or the House of
2 Representatives, as the case may be, to the procedure relating
3 to a resolution with respect to an obligation are decided with-
4 out debate.”

5 (b) Section 620(p) of such Act is repealed.

6 FOREIGN MILITARY SALES ACT AMENDMENTS

7 SEC. 29. The Foreign Military Sales Act is amended
8 as follows:

9 (1) Section 3(d) is amended to read as follows:

10 “(d) A country shall remain ineligible in accordance
11 with subsection (c) of this section until such time as the
12 President determines that such violation has ceased, that the
13 country concerned has given assurances satisfactory to the
14 President that such violation will not recur, and that, if such
15 violation involved the transfer of sophisticated weapons with-
16 out the consent of the President, such weapons have been
17 returned to the country concerned.”

18 (2) Section 22 is amended by adding at the end
19 thereof the following new subsection:

20 “(c) No sales of defense articles shall be made to the
21 government of any economically developed country under the
22 provisions of this section if such articles are generally
23 available for purchase by such country from commercial
24 sources in the United States.”

25 (3) Section 23 is amended to read as follows:

1 *"SEC. 23. CREDIT SALES.—The President is authorized*
2 *to finance procurements of defense articles and defense serv-*
3 *ices by friendly foreign countries and international organiza-*
4 *tions on terms requiring the payment to the United States*
5 *Government in United States dollars of—*

6 *"(1) the value of such articles or services within a*
7 *period not to exceed ten years after the delivery of such*
8 *articles or the rendering of such services; and*

9 *"(2) interest on the unpaid balance of that obliga-*
10 *tion for payment of the value of such articles or services,*
11 *at a rate equivalent to the current average interest rate,*
12 *as of the last day of the month preceding the financing*
13 *of such procurement, that the United States Government*
14 *pays on outstanding marketable obligations of compara-*
15 *ble maturity, unless the President certifies to Con-*
16 *gress that the national interest requires a lesser rate of*
17 *interest and states in the certification the lesser rate so*
18 *required and the justification therefor."*

19 *(4) In subsections (a) and (b) of section 24, the*
20 *parenthetical phrase in each is amended to read as*
21 *follows: "(excluding United States Government agencies*
22 *other than the Federal Financing Bank)".*

23 *(5) Section 24 is amended by adding at the end*
24 *thereof the following:*

25 *"(d) The President may guarantee under this section*

1 *only those payments for any defense article or defense service*
2 *which are due within ten years after that defense article is*
3 *delivered or that defense service is rendered, except that such*
4 *guaranty may be made for not more than twenty years if the*
5 *President certifies to Congress that the national interest re-*
6 *quires that the period of guaranty be longer than ten years,*
7 *and states in the certification the country or international*
8 *organization on whose behalf the guaranty is to be made,*
9 *the period of the guaranty, and the justification for the longer*
10 *period."*

11 (6) *In section 31—*

12 (A) *in subsection (a), strike out "\$325,000,-*
13 *000 for the fiscal year 1974" and insert in lieu*
14 *thereof "\$455,000,000 for the fiscal year 1975";*
15 *and*

16 (B) *in subsection (b)—*

17 (i) *strike out "\$730,000,000 for the fiscal*
18 *year 1974" and insert in lieu thereof "\$872,-*
19 *500,000 for the fiscal year 1975"; and*

20 (ii) *add at the end thereof the following*
21 *new sentence: "Of the funds made available*
22 *under subsection (a) of this section, \$100,-*
23 *000,000 shall first be obligated with respect to*
24 *financing the procurement of defense articles*
25 *and defense services by Israel under section 23*

1 *of this Act, except that Israel shall be released*
2 *from contractual liability to repay the United*
3 *States Government for the defense articles and*
4 *defense services so financed."*

5 *POLITICAL PRISONERS*

6 *SEC. 30. Section 32 of the Foreign Assistance Act of*
7 *1973 is amended by adding at the end thereof the following*
8 *new sentence: "Commencing with respect to 1974, the Presi-*
9 *dent shall submit annually to the Speaker of the House of*
10 *Representatives and the Committee on Foreign Relations of*
11 *the Senate a written report setting forth fully the steps he has*
12 *taken to carry out this section."*

13 *GORGAS MEMORIAL INSTITUTE*

14 *Sec. 31. The first section of the Act entitled "An Act to*
15 *authorize a permanent annual appropriation for the mainte-*
16 *nance and operation of the Gorgas Memorial", approved*
17 *May 7, 1928, as amended (22 U.S.C. 278), is amended by*
18 *striking out "\$500,000" and inserting in lieu thereof "\$1,-*
19 *000,000".*

20 *INTERNATIONAL COMMISSION OF CONTROL AND*

21 *SUPERVISION IN VIETNAM*

22 *Sec. 32. (a) There are authorized to be appropriated to*
23 *the Department of State for fiscal year 1975 not to exceed*
24 *\$16,526,000 for payments by the United States to help meet*
25 *expenses of the International Commission of Control and*

1 *Supervision in Vietnam. Funds appropriated under this sub-*
2 *section are authorized to be made available for reimburse-*
3 *ment to the Agency for International Development of*
4 *amounts expended by the Agency during fiscal year 1975 as*
5 *interim United States payments to help meet expenses of the*
6 *International Commission of Control and Supervision.*

7 *(b) There are authorized to be appropriated to the De-*
8 *partment of State not to exceed \$11,200,000 for reimburse-*
9 *ment to the Agency for International Development of*
10 *amounts expended by the Agency for International Develop-*
11 *ment to help meet expenses of the International Commission*
12 *on Control and Supervision in fiscal year 1974.*

13 *(c) Reimbursements received by the Agency for Interna-*
14 *tional Development under this section may be credited to ap-*
15 *plicable appropriations of the Agency and shall be available*
16 *for the purposes for which such appropriations are author-*
17 *ized to be used during fiscal year 1975.*

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93d CONGRESS
2d Session

S. 3394

[Report No. 93-1134]

A BILL

To amend the Foreign Assistance Act of 1961,
and for other purposes.

By Mr. SPARKMAN

APRIL 29, 1974

Read twice and referred to the Committee on
Government Operations

SEPTEMBER 8, 1974

Reported with an amendment